



LGPS LOCAL PENSION BOARD 15 APRIL 2016

PRESENT:

Independent Chair: Roger Buttery

Employer Representatives: Councillor M A Whittington and

Scheme Member Representatives: Ian Crowther and David Vickers

Officers in attendance:-

Steve Blagg (Democratic Services Officer), Nick Rouse (Investment Manager), Stuart Duncombe (Pension Fund Representative) and Ashley Simons (Senior Auditor)

18 APOLOGIES FOR ABSENCE

Apologies for absence were received from Kirsty McGauley (Employer representative) and Jo Ray (Pensions and Treasury Manager).

The Chairman welcomed Councillor Mark Whittington (Employer representative) to his first meeting of the Board, in place of Councillor Marc Jones.

19 DECLARATIONS OF INTERESTS

None were declared at this stage of the meeting.

20 MINUTES OF THE PREVIOUS MEETING OF THE LGPS LOCAL PENSION BOARD HELD ON 2 DECEMBER 2015

RESOLVED

That the minutes of the previous meeting of the LGPS Local Pension Board held on 2 December 2015, be agreed as a correct record and signed by the Chairman.

21 AUDIT OF THE PENSION FUND

The Board received a report on the latest internal and external audit reports for the Lincolnshire Pension Fund and details of the audit process for the Fund. Officers stated that the Pension Fund was managed within a strong control environment and was audited regularly by both internal audit team and by the Council's external auditors. Any issues raised by the auditors were considered and responded to, and where relevant, an action plan was put in place to improve controls. The Pension Fund Accounts which formed part of the Council's Statement of Accounts were

**LGPS LOCAL PENSION BOARD
15 APRIL 2016**

audited annually and details of the 2014/15 financial statements audit were detailed in the report.

Ashley Simons, from the Council's internal audit team, gave a presentation on how the internal team audited the Pension Fund and its administration and provided details of the combined assurance given over the last ten years. An example of the outcome of an audit of the management of the transfer of Pensions Administration service provision from Mouchel to West Yorkshire Pension Fund (WYPF) as part of the Due Diligence audit plan for 2014/15 was detailed in the report. He stated that all processes were reviewed to ensure they were working effectively, outlined the external audit requirements by KPMG and the work undertaken under the National Fraud Initiative.

Officers responded to comments by the Board as follows:-

1. Stated that the investigation under the National Fraud Initiative was taking longer than expected because of delays in the receipt of information.
2. Stated that the Life Certificates would help to tackle national fraud and that there had been a reduction in fraud since the start of the National Fraud Initiative.
3. The audit involved an examination of both investments of the Pensions Fund and Pension Administration and that any audit carried out by the WYPF would be reported to the County Council.
4. KPMG audited the Pension Fund and liaised with WYPF.
5. Stated that the reason why no audit work had been done in 2015/16 was that during this period Pension Administration had been transferred from Mouchel to WYPF.
6. There were a number of on-going issues with the Serco contract particularly payroll which was currently being examined.
7. The capital costs associated with early retirement had been reviewed in the past but clarification would be sought on which body would now audit this area.
8. The finalisation of the Council's 2015/16 accounts would be later this year due to the effects of on-going issues with the Serco contract.

RESOLVED

That the audit process of the Pension Funds' investments and administration be noted and that clarification of which body was now responsible for auditing the capital costs of early retirement be sought and reported to the Board.

22 LINCOLNSHIRE PENSION FUND COMMUNICATIONS POLICY

The Board received a report on how the communication to stakeholders was managed by the Pension Fund. Stuart Duncombe, a Pension Fund representative from the West Yorkshire Pension Fund (WYPF) team, gave a presentation on this area. He stated that further communication about the implications of the changes to the State Pension and the effect on public sector employees was required.

The Chairman stated that the Board's role was to ensure that the necessary communication procedures were in place.

Officers responded to comments by the Board as follows:-

1. The WYPF followed similar working practices by Mouchel when they had responsibility for Pension Administration but it was felt that WYPF's communication was better due to more resources being available.
2. The feedback received at a recent Employers' Forum meeting about communication was positive.
3. WYPF was exploring the option of arranging more meetings of the Employers' Forum.
4. The WYPF website was very informative.
5. The number of County Council employees joining the pension scheme was currently static.
6. Details of pre-retirement courses would be sent to the Board.
7. Officers agreed to find out how often fraud investigations were carried out by the WYPF.

Board members agreed to provide officers with details of tracking firms.

RESOLVED

That the Fund's Communications Policy together with the various actions identified by the Board be noted.

23 TPR CHECKLIST

The Board received a report on the Fund's latest compliance checklist with the Pensions Regulator's code of practice.

Officers stated that the only remaining red area detailed in the appendix of the report was G8 (maintaining contributions) and that a process for monitoring contributions was now in place.

Officers stated that the Board would receive an update on references B8, B10 and B12 (knowledge and understanding) at the next meeting; and agreed to examine references C1 and C3 (conflicts of interest) and agreed to examine references K5, K6 K7 (scheme advisory board requirements).

RESOLVED

That the Fund's latest compliance checklist together with the various actions identified be noted.

24 PENSIONS ADMINISTRATION REPORT

The Board received a report on current Pension Administration issues.

Officers stated that West Yorkshire Pension Fund was working hard to meet the minimum target percentage for performance but some cases had had to be stockpiled awaiting GAD guidance.

LGPS LOCAL PENSION BOARD
15 APRIL 2016

Officers responded to comments by the Board as follows:-

1. Officers agreed to reply to the Board on what the minimum target percentage target should be.
2. In the context of the various on-going issues with Serco to have only eight complaints was considered to be good.
3. Communication issues had been a Serco matter and as the information had only been received from them on 29 March there had not been a wish to communicate until all of the information had been received.
4. The implications of a negative RPI/CPI on the annual revaluation of the CARE scheme could have a significant impact. This could also lead to increased questions from members.

RESOLVED

That the report and various actions identified be noted.

25 ANNUAL REPORT OF THE LGPS LOCAL PENSION BOARD

The Board received its draft Annual Report prepared by the Chairman.

The Chairman stated that the Annual Report was work in progress. Officers stated that the Annual Report would be submitted to the Audit and Pensions Committees and placed on the County Council's website.

The Chairman requested that Board members should let him have their comments on the Annual Report and that if it was not possible today then they should email their comments to him. Following submission of their comments he would circulate the finalised version to them.

RESOLVED

That Board members email their comments on the draft Annual Report to the Chairman and that the finalised version of the report be circulated by the Chairman to members.

26 WORK PROGRAMME

The Board considered its future work programme and agreed the following items:-

1. Draft Accounts – July 2016
2. Oversight of Investments – July 2016
3. Update on Pooling Governance Arrangements – July 2016
4. Quarter 2 Triannual Valuation – September 2016

The Chairman agreed to send suggested dates of future meetings of the Board to the Clerk of the Board who would then circulate them to members. The Board agreed to meet quarterly.

RESOLVED

1. That the various items identified in the work programme for future meetings of the Board be agreed.
2. That the Chairman send suggested future dates of meetings of the Board to the Clerk and that the Clerk circulate the dates to the Board for their comments.
3. That future meetings of the Board be arranged quarterly.

The meeting closed at 12.45 pm

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