



LGPS LOCAL PENSION BOARD 15 DECEMBER 2016

PRESENT:

Independent Chair: Roger Buttery

Employer Representatives: Councillor M A Whittington

Scheme Member Representatives: Ian Crowther and David Vickers

Officers in attendance:-

Mike Norman (External Auditor, KPMG), Jo Ray (Pension Fund Manager), Catherine Wilman (Democratic Services Officer) and Grace Kitchen (West Yorkshire Pension Fund)

22 APOLOGIES FOR ABSENCE

Apologies were received from Kirsty McGauley (Employer Representative)

23 DECLARATIONS OF INTEREST

Councillor M A Whittington declared an interest as his wife was in receipt of a pension from Fund.

24 MINUTES OF THE PREVIOUS MEETING OF THE LINCOLNSHIRE PENSION BOARD HELD ON 23 SEPTEMBER 2016

RESOLVED

The minutes of the previous meeting were approved and signed by the Chairman as a correct record.

25 EXTERNAL AUDIT - KPMG PRESENTATION

The Board received a presentation from Mike Norman of KPMG, the Council's auditors, which covered the following:

- Who KPMG are and their local arrangements:-
 - Appointed in 2012/13 on a five year appointment, extended for one year;
- The framework for the Audit;
 - Context;
 - Responsibilities;
 - Auditor reporting;

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- Audit Certificate, issued at the end of the audit which covered both the Lincolnshire County Council and Lincolnshire Pension Fund;
- Audit approach:-
 - December to January – Planning and Risk Assessment;
 - February to March – Interim Audit;
 - June to July – Final Accounts;
 - August to September – Closure.

Questions from the Board, confirmed the following:

- The ISO 260 report went through the Council's Audit Committee. The Pension Fund did not have its own report this year and there were no issues identified in relation to the Pensions department;
- It had been KPMG's decision to undertake a joint audit report for both the Council and the Fund, as they would both be considered by the Audit Committee. Some members of the Board felt this had not been a good decision taken by KPMG and it was confirmed that they would consider two separate audit reports next year;
- There was a legal requirement for the audited accounts to be published by the end of September 2017;
- Once the Fund was a member of the Border to Coast Pension Partnership, the pool would appoint its own auditors;
- The Fund could select its own auditor. Every county council would be heading towards the national procurement route.

RESOLVED

That the report be noted.

26 PENSIONS ADMINISTRATION UPDATE

Consideration was given to a report which updated the Board on the pension administration service, managed by West Yorkshire Pension Fund. Grace Kitchen from West Yorkshire Pension Fund presented the report.

On considering the KPIs, it was reported that a review was being undertaken of all the targets and timescales. Certain work-types on the system did not require work until something triggered them. Changes in the legislation from GAD (Government Actuary's Department) had affected many of the KPI results due to stockpiling work in some areas whilst awaiting guidance to be issued.

There was discussion surrounding Life Certificates and WYPF's methods of using them. Some members of the Board had issues with WYPF sending out life certificates every seven years to all 18,000 members. It was considered unnecessary and the administration of it must be immense. Grace Kitchen explained that Life Certificates served many purposes: they updated members on the state of their pension; they ensured that members were still eligible to receive their pension;

they were a good way of ensuring members' details were up to date and gave them an opportunity to nominate an emergency contact. However, not all detail forms were returned and cases of non-payment of pensions had been reported as a result. Members in high risk categories received a life certificate every year.

It was highlighted that West Yorkshire Pension Fund had been selected as one of four successful applicants to be accepted onto the National LGPS Framework for Third Party Administration. This success acknowledged the good partnership working demonstrated with Lincolnshire County Council.

It was noted that Pensions staff at both WYPF and LCC were being encouraged to answer telephone calls with 'Pensions', so as not to confuse members with organisation titles.

It was reported that Lincolnshire Pension Fund had held its first Annual Scheme Members Meeting in November 2016. Roger Buttery (Independent Chairman of the Board), Jo Ray (Pension Fund Manager) and Cllr Mark Allan (Chairman of the Pensions Committee) all presented. Those present had fed back that they had found the event interesting and useful, however attendance from members had been low. It had been decided to repeat the event in 2017, with a disclaimer that the event could be cancelled if the expected number of attendees was low. The event would be promoted in the scheme members' newsletter.

RESOLVED

That the report be noted.

27 VALUATION UPDATE

The Board considered a report which provided an update on the Triennial Valuation process and results. The Fund was required to undertake a valuation of its assets and liabilities every three years, the purpose of which was to understand the overall funding level of the Pension Fund.

The financial assumptions used to calculate the liabilities were shown in the report, and compared to the assumptions used at the 2013 valuation. The comparison showed positive results in the 2016 valuation.

There had been no complaints in relation to academy rates, with the exception of special schools, where their higher proportion of non-teaching staff to mainstream schools meant that they were impacted more by increases in LGPS pension contributions. This was something for schools to consider when becoming an academy, and a funding issue to raise with the DfE (Department for Education).

Following a question, it was confirmed that colleges were able to offer an alternative pension scheme if an employee opted out of the LGPS, however colleges were not allowed to encourage opt outs.

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Employers had been requested to complete a declaration form confirming their payment of the agreed rates. As of the date of this meeting, 53 had been received and the deadline for submission had been extended to the end of January 2017.

There had been positive feedback from Employer briefings with the Actuary and overall, the Valuation had gone better than anticipated, with its results being well received.

The Valuation would be signed off by 31 March 2017.

RESOLVED

That the report be noted.

28 ASSET POOLING UPDATE

Consideration was given to a report which provided an update on the asset pooling requirements.

The Pension Fund Manager provided a summary of the latest developments regarding the LGPS asset pooling and the following points were noted:

- The final submission from the Border to Coast Pension Partnership (BCPP) to the Department for Communities & Local Government (DCLG) had been made within the allotted time;
- The BCPP Member Steering Group had so far met twice since the proposal had been submitted and following a question it was confirmed that there was sufficient representation within the Pensions Committee and the Pensions Board from both employer and scheme member groups, and that the additional representation would not be sought on the Joint Committee. The next meeting of the Group was scheduled for 31 January 2017;
- Administering Authorities had two roles – one as a shareholder and owner of BCPP and the other as an investor on BCPP, through the Joint Committee;
- The BCPP had appointed Squires Patton Boggs as the legal representative for all the funds, and Eversheds as the legal representative for BCPP;
- The Fund was already seeing the benefits of the pooling arrangements through increased resilience;
- The next deadline was in March 2017, by which time, all Funds would have to have had their approval to join the Partnership from their Full Council. This deadline was tight, and if not met could put the final implementation deadline of April 2018 in jeopardy. For the Lincolnshire Pension Fund, the BCPP proposal would be considered at its Full Council meeting on 24 February 2017. Delegated Powers for certain issues were being sought from Full Council;
- Meetings had been taking place around asset structuring for the Partnership and Paul Potter from Hymans Robertson would report back to the Pensions Committee on this at its January 2017 meeting;

- In relation to Government approval, the Pension Fund Manager reported that since the production of the agenda for this meeting, Government approval for the BCPP had now been received.

RESOLVED

That the report be noted.

29 TRAINING NEEDS

The Pension Fund Manager would review the Board members' TPR Toolkit responses to identify any common training needs among them.

RESOLVED

That the Board's training needs be noted.

30 WORK PROGRAMME

The following topics were suggested for discussion at future meetings:

- TPR Checklist – specifically, making sure there were as many green areas as possible;
- Pooling update, including feedback from the meeting of Full Council in March 2017;
- Valuation Update;
- Funding Strategy Statement;
- PFR representative (Kaele Pilcher) to come and speak;
- First draft Annual Report.

The members wished to record their thanks to Jo Ray, Pension Fund Manager for her work in setting up the Board so swiftly and efficiently.

RESOLVED

That the suggested work programme be noted.

The meeting closed at 12.55 pm

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