



LGPS LOCAL PENSION BOARD 10 JANUARY 2019

PRESENT:

Independent Chair: Roger Buttery

Employer Representatives: Councillor M A Whittington and Kirsty McGauley

Scheme Member Representatives: Ian Crowther

Councillors: attended the meeting as observers

Officers in attendance:-

David Forbes (County Finance Officer), Claire Machej (Accounting, Investment and Governance Manager), Jo Ray (Pension Fund Manager) and Emily Wilcox (Democratic Services Officer)

27 APOLOGIES FOR ABSENCE

None were received.

28 DECLARATIONS OF MEMBERS' INTERESTS

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

29 MINUTES OF THE PREVIOUS MEETING HELD ON 11 OCTOBER 2018

RESOLVED:

That the minutes of the meeting held on 11 October 2018 be approved as a correct record and signed by the Chairman.

30 PENSIONS ADMINISTRATION REPORT

The Board received a report from Yunus Gajra, Business Development Manager – West Yorkshire Pension Fund (WYPF), which provided an update on a range of administration issues within the fund.

Members of the Board were invited to ask questions, in which the following points were raised:

- It was considered normal for there to be 2,339 new members joining the scheme in a quarter. Figures could fluctuate for a number of reasons.

- An explanation on how each set of figures (in section 1.0 and 2.0 of the report) were calculated would be provided at the next meeting of the Board.
- An Academy School had outsourced its cleaning service and failed to notify the Fund. The Fund had discussed the issue with the ceding employer to ensure all employee and employer contributions were correct and paid across to the Fund.
- Attention was drawn to a typing error in paragraph 3.1 of the report: '121 Lincolnshire member's sample survey letters were sent out and 172 (14.05%) returned', should have read: '121 Lincolnshire member's sample survey letters were sent out and 17 (14.05%) returned'.
- Concerns were raised over the outstanding Stage 1 appeal with LCC that had been ongoing for a year. Officers explained that the appeal related to ill health matters which were complex and could take longer to resolve. Members of the Board were assured that the progress of the appeal was being monitored regularly.
- Membership to the CIPFA Pensions Administration Benchmarking Club was currently optional for Pension Funds and take-up was quite low. However, current members had requested that the Scheme Advisory Board consider making membership of the CIPFA Benchmarking Club compulsory for all Funds.
- There was no obvious connection between the collection of redundancy statistics detailed in the SF3 report and the cost cap on exit payments. There was no indication that the cost cap would not be implemented.
- The Pension Fund Manager agreed to circulate the consultation on the GMP Equalisation of Public Service Pension Schemes.
- The Business Development Manager (WYPF) agreed to investigate why there had been no response sent to the complaint from member number 8117799.

RESOLVED:

That the report be noted.

31 THE PENSIONS REGULATOR DATA SCORES

The Board received a report from Yunus Gajra, Business Development Manager (WYPF), which provided an update on the data scores for Lincolnshire Pension Fund which were reported to The Pensions Regulator (TPR) as required.

The Business Development Manager outlined the types of common data held by all schemes. In addition to the usual annual return, TPR had required that each scheme detailed the date of their last data review, and their scheme's common and specific data scores.

It was noted that the Fund was currently working on a data improvement plan, and had engaged with a tracing company in an attempt to track lost members.

The committee were invited to ask questions, in which the following points were noted:

- The tracing agency used by WYPF was 'Accurate Data' which has had a success rate of approximately 30%.
- Should a member reach pension age and they have still not been successfully traced, the administrator had set up a HSBC bank account with sub-accounts for each pensioner. Payments would be made into the sub-accounts in the same way that they would have been paid to the individual. This avoided any unauthorised payment tax charges for the individuals once they were found.
- Members welcomed a further report on the pension regulator data scores along with the data improvement plan once it had been drafted.

RESOLVED:

1. That the report be noted.
2. That a further report and data improvement plan be brought to the Board.

32 PENSION FUND UPDATE REPORT

The Board received a report from the Pension Fund Manager which provided an update on Fund matters as well as any current issues within the Fund.

The Board were informed that at their meeting on the 10 January 2019, the Pensions Committee had approved the following changes to the risk register, as detailed below:

- Risk 25 – Failure to meet requirements as a responsible investor – across all ESG risks – the Committee had agreed to amend the wording to read - 'Failure to meet requirements as a responsible investor – across all ESG risks (including climate change and a move to a low carbon economy)'
- Risk 4 – Calculating and paying pensions correctly – following a recommendation from the Pensions Board, it was agreed to expand the wording to read – 'Calculating and paying pensions correctly (inc. completion of the Guaranteed Minimum Pension Reconciliation and communication with Pensioners)'
- Risk 3 – Loss of key staff and loss of knowledge & skills – following a recommendation from the Pensions Board to review whether the current risk score was still appropriate given the imminent retirement of the Executive Director of Finance and Public Protection and the County Finance Officer, the Committee agreed that the risk score should be increased to red.

Members provided feedback on training events they had recently attended, and it was agreed that 'Conference and Training Attendance' be a standing item on the Pension Fund Update Report.

The Pension Fund Manager highlighted that as well as clearing the historic backlog, the in-year leavers for LCC had reduced to normal levels. The Board acknowledged the improvements made as part of the LCC Employer improvement plan and were happy to cease the requirement for regular reporting back to the Board. The Chairman of the Board agreed to write to the Executive Director responsible for

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Human Resources to express the Boards' satisfaction with the work that had been done.

The Pension Fund Manager extended an invitation to members of the Board to attend a meeting at the Border to Coast offices and meet with the Border to Coast team. It was agreed that the Pension Fund Manager would arrange a visit.

RESOLVED:

1. That the Board were satisfied that the LCC Employer improvement plan be marked as complete and that there would no longer be a requirement for regular reporting back to them from LCC.
2. That the Chairman of the Board writes to the Executive Director responsible for Human Resources to express the Board's satisfaction with the work carried out on the LCC Employer Improvement Plan.
3. That the Pension Fund Manager arrange for members of the Board to visit the Border to Coast Offices and meet the team.

33 PENSION FUND EXTERNAL AUDIT REPORT

The Board received a report from the Accounting, Investment and Governance Manager which summarised the findings from the work undertaken by the Council's External Auditors, KPMG, in giving their opinion on the Pension Fund Accounts and Annual Report.

Members were referred to Appendix A of the report which detailed the External Audit ISA 260 Report to Those Charged with Governance for 2017/18.

In response to a question, it was clarified that going forward, separate ISA 260 reports would be produced for the County Council and the Pension Fund.

RESOLVED:

That the report be noted.

34 MAZARS EXTERNAL AUDIT PRESENTATION

The Accounting, Investment and Governance Manager introduced a presentation from the Fund's new External Auditor, Mazars.

Mike Norman, Senior Manager (Mazars) gave an introduction to Mazars, outlining their role as a company; the team who will work with Lincolnshire County Council on the Pension Fund Audit; and Mazars responsibilities and approach.

In response to a question, the Senior Manager (Mazars) clarified that the pooling process and the transition to Border to Coast did not pose any additional threat to the Fund.

RESOLVED:

That the report and presentation be noted.

35 EMPLOYER MONTHLY SUBMISSIONS UPDATE

The Board received a report from the Accounting, Investment and Governance Manager which provided up to date information on employer monthly submissions for the second quarter of the financial year 2018/19.

Members were reminded of the steps taken should a late contribution or data submission be received from an employer.

It was clarified that the Fund considered an employer a 'late payer' if either the cash and/or the data was received after the 19th of the month following their payroll.

Members were referred to Appendix A of the report, which provided a list of late contribution payments or late data submissions for quarter 2.

Members were invited to ask questions, in which the following points were raised:

- It was clarified that employers received several reminders before a fine was issued.
- Officers felt it was important to work with employers to attempt to resolve issues before taking further action, as it was important to maintain good relationships with employers.
- It was confirmed that it is common practice for Funds to issue fines for late payments. Officers emphasised that fines were a last resort and there was extensive work carried out by the Funds Finance Technician to help employers avoid late payment fines.

RESOLVED:

1. That the report be noted.
2. That no further actions are taken against employers submitting late or inaccurate payments or data but that the Board continue to receive the Employer Monthly Submissions Update Report.

36 BORDER TO COAST GOVERNANCE REVIEW

The Board received a report from the Pension Fund Manager which detailed the governance structure of Border to Coast.

The Pension Fund Manager identified the key stakeholders of Border to Coast and gave an explanation as to what each of the roles entailed.

In response to a question, it was clarified that the shareholder representative for LCC would be whoever the Executive Director of Finance and Public Protection was at that time.

The Pension Fund Manager had received some questions from the Chairman of the Board by email in relation to the Border to Coast Governance review report. It was agreed that the questions and answers be circulated by the Pension Fund Manager.

RESOLVED:

That the report be noted.

37 BORDER TO COAST PENSIONS PARTNERSHIP JOINT COMMITTEE
SCHEME MEMBER REPRESENTATIVE

The Board received a report from the Accounting, Investment and Governance Manager regarding the addition of a non-voting scheme member representative to the Border to Coast Pensions Partnership Joint Committee, and the process for appointing the new member.

The Border to Coast Pensions Partnership Joint Committee had approved an addition to its membership of one non-voting scheme member representative, together with a standing substitute.

It was noted that both scheme member representatives of the Lincolnshire Board were eligible to put themselves forward for the position.

The Chairmen of the Local Pensions Boards had been asked to facilitate a process in which the scheme member representatives on each Board nominated up to one candidate to be scheme member representative for the Joint Committee, and to identify how the scheme member representatives would cast their vote.

The Accounting, Investment and Governance Manager set out the process for appointing the scheme member representative. Only one scheme member representative for each Fund was eligible to vote, however the voting decision should be made jointly.

Following a short discussion, one scheme member representative decided that they would not like to be put forward, and it was agreed that the other would consider the proposal ahead of the submission deadline on the 31st January 2018. Once this decision had been made, both members would then make a collective decision as to who would cast the overall vote.

Once the decision had been made, it was agreed that the Accounting, Investment and Governance Manager would contact the South Yorkshire Pensions Authority to notify them of who would be casting the vote

AGREED:

1. That one scheme member representative would consider whether they wanted to stand as the non-voting scheme member representative on the Border to Coast Pensions Partnership Joint Committee prior to the deadline on the 31st January 2018.
2. That the individual casting Lincolnshire's vote for the non-voting scheme member representative on the Border to Coast Pensions Partnership Joint Committee would be decided once the above decision had been made.

38 TRAINING NEEDS

The Accounting, Investment and Governance Manager reminded Members of the following upcoming training events:

- Tuesday 26th February 2019 - Valuation Training for members of the Pension Committee and LGPS Pensions Board – Lincolnshire County Council
- Monday 13th May 2019 – Wednesday 15th May 2019 - Pensions Lifetimes Savings Association Conference in Gloucestershire

39 WORK PLAN

The Accounting, Investment and Governance Manager outlined the proposed work plan for the next meeting of the Board. In addition to the normal items reported to the Board quarterly it was agreed the following reports would be added to the next Board agenda:

- Understanding the Figures (Administration Update Data);
- The Pension Regulator Data Scores – Improvement Plan and Tracing Missing Members;
- Board Membership and Terms of Reference Amendment;
- Pension Fund Advisors Appointments Review; and
- Draft Pooling Guidance Consultant and Response.

Members were satisfied with the proposed work plan.

The meeting closed at 5.30 pm

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