



## Local Pension Board

**Minutes of the meeting  
held on 9<sup>th</sup> December, 10:00**

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<b>Committee Members</b>	William Bourne Omolayo Sokoya Simon Steptoe Jamie Ratcliff Frank Smith Bernadette Jansen	Local Pension Board Chairman Member representative Member representative Member representative (items 1, 3-7) Employer representative Employer representative
<b>In attendance:</b>	Mike Allen John Crowhurst Loretto Leavy	Director of Pensions Head of Operations Investment Company Secretary
<b>Minutes taken by</b>	Rebecca Pitt	Trainee Corporate Advisor
<b>Apologies</b>	Charles Angus Peter Scales Sean Brosnan	Employer representative Member representative Employer representative

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The Local Pension Board was presented with a brief training presentation on Value At Risk (VaR) and Beta. Richard Savage, Senior Investment Manager provided a simplified explanation on how VaR and Beta is calculated when the LPFA invests in volatile markets. The Investment KPI's are available and published in LPFA's Annual Report. John Crowhurst presented the Pension Administration KPI's at item 3, LPB008 as part of the training plan.

The meeting commenced at 10.16am

### **1. LPB007 - INTRODUCTORY MATTERS**

#### **Submission**

The report LPB007, reporting the minutes and actions of the meeting held on 6<sup>th</sup> July 2015, an update on the ALM Partnership and a list of reports that had been sent after the last meeting, were submitted to the Board.

#### **Discussion**

William Bourne welcomed the Local Pension Board (LPB) members and provided a brief overview of the agenda. Apologies were received by Sean Brosnan, Peter Scales and Charles Angus. No new declarations of interests were received.

The Committee reviewed and approved the minutes and actions of the meeting on 6<sup>th</sup> July 2015.

LPB action from previous meeting: 'Circulate the internal audit reports as and when they become available'. The Chair made reference to LPFA's internal audit report which had been circulated following the meeting and emphasised that there was significant assurance on controls in place and encouraged the LPB members to read the report.

Jamie Ratcliff joined the meeting at 10.42.

Mike Allen provided a brief overview on the Lancashire and London Pensions Partnership (LLPP). The Lancashire County Pension Committee and the LPFA Board in November agreed to move to the next step in establishing the partnership. It was noted that the Chairman, Shareholder Directors and NED's had been appointed; Senior Management Team were still being finalised. The LPFA had made substantial savings by having an in-house investment team and by pooling with another pension fund these savings would increase.

Governance oversight of the LLPP Partnership was highlighted as a concern by the Local Pension Board. Mike Allen reassured the LPB that there was a strong link between both pension funds due to the nature of how the Board was structured. The LPFA were still scoping the possibilities of having a joint LPB in the future and noted that both funds would still have their own responsibilities in LLPP. The role of the Local Pension Board would be clarified in the run up to April 2016. The 'Information and Consultation process' for staff was in progress.

Mike Allen summarised the most recent Department for Communities and Local Government (DCLG) announcement on the Local Government Pension Scheme's collaboration. It was highlighted that the DCLG had provided a set of timescales for all pension funds to have a clear direction of travel for pooling funds by mid-February 2016; detailed plans were needed by July 2016. Mike Allen indicated that it will be a complicated process, but emphasised that the LPFA are already engaging with other funds, and are aiming to have a consolidated plan by July 2016. The LPFA and London CIV are learning from one another to help achieve more opportunities for collaboration, cost savings and efficiencies.

William Bourne highlighted that the Investment Regulations had been amended, specifically around the LGPS funds. Mike Allen reassured the Board that the LPFA were looking into this.

## **Decision**

### **Local Pension Board**

- [1] Noted the contents of the report.**
- [2] Approved the minutes of the meeting and action points from the meeting on 6 July 2015.**

## **2. LPB008 – LPFA PERFORMANCE REPORT**

### **Submission**

The report LPB008, providing the LPB with a half year summary of LPFA administration performance against the set targets and on customer care performance, was submitted to the meeting for information.

### **Discussion**

John Crowhurst thanked the Local Pension Board for rearranging the agenda so that his training session could be incorporated into the format performance report. He introduced the performance reports and the customer care report to the LPB and provided an introduction to each table. The Member Self Service (MSS) figure was highlighted due to a slight increase in the previous quarter which was as a result of the Annual Benefit Statements. The LPFA is hoping to see an increase of 15% for the next quarter.

The LPB noted that there was a slight dip in Quarter 2 'Queries Completed on Time'. John Crowhurst explained that this was due to the complexity of the scheme and an increase in absences across the pension administration department which had now been addressed. He provided a clear definition on what was meant by 'on time' and clarified the internal process of setting targets for responding to member queries.

'The reasons a case can be delayed' received a positive response for its usefulness. It was mentioned that some of the Top 10 case types would be reviewed in the future.

The LPFA are expecting improvements in quarter 3 on both internal and external KPI's. It was suggested that it would be helpful to receive monthly returns every month by the Employer.

John Crowhurst provided a brief summary on Annex 2, customer complaints. Correspondence with members had been raised as a main issue by LPFA. John reassured the LPB that additional controls had been implemented and reviewed, to ensure that the LPFA acknowledge correspondences sooner.

### **Decision**

#### **Local Pension Board**

**[1] Noted the contents of the reports.**

### **3. LPB009 FINANCIAL MONITORING REPORT**

#### **Submission**

The report LPB009, updating the Local Pension Board on the financial analysis of LPFA's solvency, cashflow and investment performance as at 30 September 2015 and an update on any breaches, was submitted to the meeting.

#### **Discussion**

Mike Allen presented the report to the Local Pension Board and highlighted the Treasury Management breaches, Data and ISO incidents since September 2015. The Local Pension Board was reassured that no other Treasury breaches had taken place since August 2015. No losses had been suspected, but it was suggested that the LPFA investigate this query and report back to the LPB. The LPB had some general queries on the financial analysis reports which were captured as actions to the minutes from this meeting.

#### **Decision**

##### **Local Pension Board**

- [1] Noted the content of the breaches and financial analysis of LPFA's Solvency, Cashflow, and Investment performance report as at 30<sup>th</sup> September 2015.**

### **4. LPB010 MEMBER AND EMPLOYER UPDATE**

#### **Submission**

The report LPB010, providing the LPB with a summary of key risks facing the authority as a whole, and an update on the triennial valuation and government consultations, was presented to the meeting.

#### **Discussion**

Mike Allen highlighted the plan for the Triennial Valuation 2016. There was a slight concern from one of the LPB members regarding the reduction of the deficit recovery period; however Mike Allen explained that this is due to the funding calculations.

A summary of the key risks were highlighted to the meeting. Mike Allen informed the LPB of the plan for the upcoming meetings with the DCLG and GLA in relation to risk 304 'Lack of clarity over power to collect special levy payments to close funding gap caused by GLC/ILEA abolition – leading to additional pressure on fund

investments'. The LPB would revisit this particular risk in 12 months' time due to the uncertainty of direction. The major risks were set out in the risk heat map; the LPB noted that the major risks were now amber risks. Operational Risks previously known as Strategic and Business risks would remain confidential and exempt under the FOI publication scheme s.43 ~ commercial interest but had been included on the risk map. The LPB risk report presentation will be reviewed in advance of the next meeting.

#### **Decision**

#### **Local Pension Board**

**[1] Noted the content of the report and Annex 1 Financial Risks.**

### **5. LPB011 GOVERNANCE UPDATE**

#### **Submission**

The report LPB011, providing the LPB an update on the implementation of the Pensions Regulator Code of Practice 14, was presented to the meeting.

#### **Discussion**

Mike Allen presented the report to the meeting and provided an update on the status of the breach regarding the Annual Benefit Statements. He was pleased to inform the LPB that the extended deadline made by TPR of 30<sup>th</sup> November was met (original date 14<sup>th</sup> August was not met). The Pensions Regulator (TPR) Code of Practice 14 would be monitored by the Management Team on a fortnightly basis to ensure the LPFA was compliant with the code. The appropriate forum would be informed of any breaches including LPB compliance reporting. William Bourne encouraged LPB members to use TPR online toolkit for more information on the LPB requirements of TPR Code of Practice 14.

Mike Allen introduced the LGPS Fire Scheme Closure report highlighted the achievements and processes involved when implementing the scheme. This report was provided for assurance on how the project was approached. The LPB noted the content of the report.

#### **Decision**

#### **Local Pension Board**

**[1] Noted the contents of the reports.**

## **6. LPB012 COMMUNICATIONS**

### **Submission**

The report LPB012, outlined areas of improvement in relation to employers, draft communications policy and a list of policies and communications available on the LPFA website, was presented to the meeting.

### **Discussion**

John Crowhurst presented the report to the meeting and provided an overview of the timeliness of data submissions, quality of data being receive and how the LPFA was assisting employers. It had previously been noted that it would be helpful if the LPFA receive monthly returns 2 weeks in advance from the Employer to ensure the data quality was satisfactory.

It was suggested by the LPB to issue more newsletters on key changes to both members and employers, and to possibly have more interactive meetings, either externally or internally. John Crowhurst also stated that forms within the Employer Portal had been amended to simplify the process in the future and that MSS was currently undergoing a review to include explanations on complicated calculations, such as the Lifetime Allowance (LTA) and Career Average Revaluation Earnings (CARE) scheme. John informed the Board that there would be a 2 day workshop to develop an engagement plan; this would be shared with the Local Pension Board for feedback before it is implemented.

The LPB noted the content in the Draft Communication Policy and that it would be submitted for approval by the LPFA Board on 10<sup>th</sup> December 2015. The LPFA was asked to consider adding Regulatory bodies to the wider audiences but were content that it was a comprehensive policy. William Bourne asked whether the LPFA had a backup if members of the scheme were not IT literate. John Crowhurst reassured the Board that mechanisms were in place and members of the scheme had the option to write, phone or request hard copies at any time.

### **Decision**

#### **Local Pension Board**

**[1] Noted the contents of the reports.**

## **7. AOB**

Jamie Ratcliff asked William Bourne to clarify the main focus for the next meeting. It was agreed that the LLPP Partnership and The Pension Regulator Code of Practice would be the key topics for discussion. It was suggested that a training session on Investments combined with the solvency report would be helpful for the next meeting. The LPFA was also asked to consider changing the food at the

Member Fund Forum due to some complaints received and to have some form of an online portal for the LPB to support TPR online Toolkit. Lancashire County Council Pension Fund's portal would be reviewed as an example of best practice.

The meeting closed at 12:19.

Signed in draft form for submission to Business and Administration Committee

**William Bourne**  
**Local Pension Board Chair**

**Date: 9<sup>th</sup> December 2015**

# Action Points from the Local Pension Board



Meeting	Matters arising	Lead	Due by	Progress	
<b>LPB 09.12.15</b>	<b>LPB009 – FINANCIAL MONITORING REPORT</b> To explore whether there were any losses regarding the Treasury Management breaches.  To explore with the investment team whether the Foreign Exchange risk £900m figure is correct.  Arrange for a training session on the Solvency Report and investments.  To liaise with the Finance department to see if Annex 2 – Cashflow report figures on Page 3 are correct.	RP	31 Jan 16	.	
	<b>LPB0012 COMMUNICATIONS</b> To provide a list of employers that submitted monthly returns on time and late.	MA/JC			
	To scope whether the member forum can be pushed back later in the year.	RP			
	To circulate the engagement plan to LPB members.	JC			
	<b>LP001 - INTRODUCTORY MATTERS</b> Improve the communication report to improve communications with members, focus on auto enrolment, NI changes, ABS, transferring out and improving the understanding of liabilities.	MA			In progress. Reported in LPB012.  Will be considered once LLPP collaboration is underway.  Complete and Ongoing
	Look into benchmarking/comparing other pension funds to help with KPI's.	JC			
Circulate compliance and governance reports on a regular basis via, including risk register.	RP				
<b>LP002 – PERFORMANCE SUMMARY</b> To include a breakdown of Cost per Member i.e. Administration and Investment.	RP	In progress for 2015/16			