

Local Pension Board

**Minutes of the meeting
held on 6th July 2015, 10:00**

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| Committee Members | William Bourne Omolayo Sokoya Peter Scales Simon Steptoe Jamie Ratcliff Charles Angus Frank Smith Sean Brosnan Bernadette Jansen | Local Pension Board Chairman Member representative Member representative Member representative Member representative (Substitute) Employer representative Employer representative Employer representative Employer representative (Substitute) |
| In attendance: | Eve Miko Greg Smith Mike Allen Anna Casbolt | Deputy Board Secretary Board Secretary / Monitoring Officer Director of Pensions Head of Finance (for 1 item only) |
| Minutes taken by | Rebecca Pitt | Trainee Corporate Advisor |
| Apologies | None received | |

1. LPB001 - INTRODUCTORY MATTERS

Submission

The report LPB001 providing the Local Pension Board with terms of reference for the Local Pension Board, composition and tenure, annual planner and frequency of meetings was provided to the meeting.

Discussion

William Bourne welcomed the Local Pension Board (LPB) members and provided a brief overview of the agenda. Neither apologies nor declarations of interests were received. Greg Smith noted that a welcome letter would be provided to all the Local Pension Board members in July.

LPB members approved the Terms of Reference (ToR) and agreed to increase the size of the LPB allowing both substitutes to become full members. Greg Smith explained this was within the LPFA Constitutional Document provisions however

any increase should be subject to Business & Administration Committee approval. LPB members also approved the staggering of the LPB membership terms and Charles Angus, Frank Smith, Jamie Ratcliff and Peter Scales volunteered to stand for re-election after 2 years since the appointment. The LPB commented on the ToR mainly referring to the frequency of the meetings and how this could affect the quality of their output to and input from the Business and Administration Committee. Mike Allen explained that certain reports, like the Financial Monitoring report or the KPIs would be communicated regularly by email. Jamie Ratcliff pointed out that the key Scheme Risks should be dispersed more frequently rather than every 6 months. Therefore LPB members agreed that all quarterly compliance and governance reports should be circulated via email or referred to via the website.

Local Pension Board members noted the LPB objectives and priorities along with the draft business programme for 2015/16. The LPFA officers would report to the LPB any compliance matters drawing LPB member's attention to material issues, if any identified. Any concerns should be addressed to William Bourne, in first instance, who would escalate to the Executive and Business & Administration Committee, when necessary.

LPB considered how they would demonstrate their compliance responsibilities. LPB members requested to view LPFA's internal audit reports which would address some of the compliance issues that were identified. They had a brief discussion about whether the quorum should be increased but it was agreed to continue with 2-member quorum.

The LPB deliberated on topics that the LPFA should be communicating to the members and employers of the Fund. It was agreed that the priority should be given to topics such as: National Insurance changes, Annual Benefit Statement, Auto Enrolment, Transferring Out and Understanding of Liabilities. Simon Steptoe suggested that the LPFA should benchmark itself against other pension funds to compare key performance indicators. Mike Allen confirmed that the LPFA had previously conducted such exercise and in future outcomes of such exercise would be provided to the LPB.

LPB members noted the content of all the reports, including the £10,000 budget allocated to LPB and proposed for the Member and Employer updates report to remain as a standing agenda item. It was noted that the LPB did not have powers to engage advisors or lawyers directly. Therefore, any such requests would be escalated to the Executive Team for consideration. All supported this notion and agreed for Mike Allen to be the point of contact when exploring various avenues internally.

LPB members were prompted to complete their self-assessment forms so the LPFA could identify skills gaps and implement a training plan. The LPB agreed that bite-size training sessions (30 minutes) before each LPB meeting would be the best format going forward. The first training session will be on Beta/VAR Investments as requested. The Pensioner Regulator's toolkit is also available online to help support LPB members who were encouraged by William Bourne to complete it.

Mike Allen and Greg Smith provided a verbal update on the Lancashire and London Pensions Partnership following the LPFA Board meeting on the 2nd July, including the FCA application, the November business plan to Board, the work of the Joint Working Party, the NED and Executive appointment process, and noted the savings of c£32m on investment fees only. The LPB noted the progress on development of the partnership. They would be kept informed of the progress either at the next meeting or via email.

Decision

Local Pension Board

- [1] Noted the contents of the reports.**
- [2] Approved the LPB terms of reference and to expand the Local Pension Board size from three to four for each representative group subject to Business and Administration Committee ratification.**
- [3] Agreed to stagger the membership and noted the representatives who volunteered to seek reappointment or retire after two years (Jamie Ratcliff, Peter Scales, Frank Smith and Charles Angus).**
- [4] Agreed the annual planner of the LPB business for 2015/16.**

2. LP002 – LPFA PERFORMANCE REPORT

Submission

The report LP002 providing the LPB with a 4th quarter and year end summary of administration performance against the set targets and a 4th quarter report on customer care performance was submitted to the meeting for information.

Discussion

Mike Allen introduced the performance reports and the customer care report to the LPB and provided an introduction to each table. He explained the process of the different case types, and how the elapsed time process works from a customer care perspective. LPB members suggested some improvements to the reports which were captured as actions to the minutes from the LPB meeting.

Decision

Local Pension Board

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

The Chair announced a short break at 11.25am and the session reconvened at 11.40am.

3. LP003 FINANCIAL MONITORING REPORT

Submission

The report LP003 updating the Local Pension Board on financial management information for the 2 month period of 2015-16 to the end of May, was presented to the meeting.

Discussion

A few queries regarding certain elements of the report, such as the deficit bridge, inflation and interest rates movements which have an impact on the LPFA's funding level and increase in liabilities were raised by LPB members. Anna Casbolt attended the meeting to provide a brief explanation on the above items and suggested that LPFA's in-house actuary would provide explanatory notes to the report answer via email.

Decision

Local Pension Board

[1] Noted the content of the Financial Strategic Monitoring Report.

4. LPB004 MEMBER AND EMPLOYER UPDATE

Submission

The report LP004 providing the LPB with the annual communication planner of both members and employers related matters, also highlighting compliance with regulatory requirements, was presented to the meeting.

Discussion

Greg Smith highlighted a number of dates, including the publication of the Pension Fund Annual Report which takes place by 30th September every year, and other deadlines and organisational event.

Decision
Local Pension Board

[1] Noted the content of the Annual Communication planner for Members and Employers related matters.

5. LPB005 GOVERNANCE UPDATE

Submission

The report LPB005 providing the LPB with drafts that form part of the Annual Report and Statement of Accounts 2014/15, namely the Year in Review, the 'Governing your fund' and the Investment report, the draft Annual Governance Statement, and Myners Compliance Statement were presented to the meeting.

Discussion

Greg Smith presented the reports to the LPB and provided some background information as to why the LPFA need to prepare and publish the annual report and other supporting documents in a particular format. The Year in Review report, published every year in July, was highlighted due to the LPFA's new approach. It was formerly known as the Summary Annual Report and included unaudited figures which usually needed to be updated in September. The unaudited figures are no longer included and the focus of the report is on the activities of the Authority for the past year.

Greg Smith reported on KPMG, the Internal auditors, 'significant assurance' scoring for the LPFA, which was noted by LPB members.

The LPB members noted the updated Myners Compliance Statement which would be published on the LPFA website. There were a number of queries regarding the Investment Report in terms of Responsible Investment and equity holding limits. Greg informed the LPB that a Stewardship Committee had been established to address the Responsible Investment and give consideration to ESG matters in the LPFA investments.

Decision
Local Pension Board

[1] Noted the contents of the reports.

6. LPB006 ANY OTHER BUSINESS

Mike Allen reported on the Fund Member Forum and the Employer Forum. The Fund Member Forum had been first held 20 years ago. It provides an opportunity for the LPFA Members to meet with the LPFA staff and officers and to ask

investment or administration related questions. William Bourne informed that he would be presenting at the Member Forum this year. Participation at the events was voluntary but he encouraged LPB members to attend.

The meeting ended at 12:35.

Signed in draft form for submission to Business and Administration Committee

**William Bourne
Local Pension Board Chair**

Date: 6th July 2015

Action Points from the Local Pension Board



| Meeting | Matters arising | Lead | Due by | Progress |
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| LPB 06.07.15 | LP001 - INTRODUCTORY MATTERS Annex 3b – Include a column to the annual planner stating which report goes to what committee. | RP | All actions to be completed by 31/7/15 | Complete. |
| | Present to B&A and Board of LPB recommendation to increase the size of LPB to 4 and 4. | GS | | |
| | Welcome letter and other constitutional documents to be sent to LPB members. | MA | | Complete. |
| | Provide a report to LPB with background information on how the regulatory changes have been implemented to give assurance of LPFA being Compliant. | RP | | |
| | Improve the communication report to improve communications with members, focus on auto enrolment, NI changes, ABS, transferring out and improving the understanding of liabilities. | RP | | |
| | Look into benchmarking/comparing other pension funds to help with KPI's. | RP | | |
| | Member and Employer update to be a standing item on the agenda. | RP | | Complete. |
| | Circulate compliance and governance reports on a regular basis via, including risk register. | EM | | |
| | Circulate the internal audit reports as and when they become available. | RP/EM | | |
| | To confirm the next dates (suggested dates 9.12.15, 29.6.16, 30.11.16) | RP | | Complete. |
| | Finalise self-assessments and propose training plan (investment KPIs, cash flow) and encourage the LPM members to complete the PR trustee toolkit. | GS | | |
| | LPFA to provide an update to LPB regarding the ALM outcome of the Board meeting in November business case. | | | |
| | Communications to be added to the next agenda item. | | | Complete. |
| Send examples of all the standard communications to Members and to Employers to the LPB Members, and ask them to send comments/ suggestions for improvements to William Bourne. | | | | |
| Administration team to write a short paper outlining where they would like to see | | | | |

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| <p>improvements from Employers, which can again circulate to LPB members for comments ahead of the next meeting.</p> | | | |
| <p>LP002 – PERFORMANCE SUMMARY Include an explanation as to why the retirements are delayed (table 1). Explain how targets are set. Provide LPB with the type of IDRPs cases i.e. ill health. To Include more background information as to why 0.52 is correct. Consider training session on investment KPIs and Prepare first bite-size training session for the next meeting on Beta/VAR. To include a breakdown of Cost per Member i.e. Administration and Investment.</p> | <p>RP</p> | | <p>Complete. Added in the Annual Report</p> |
| <p>LP004 – FINANCIAL MONITORING REPORT Sarah Morris (in-house actuary) to provide a more technical answer regards to the update as per comments and circulates to LPB.</p> | <p>AC</p> | | |
| <p>LPB005 – GOVERNANCE UPDATES Year in Review – Reword first paragraph (no continued drop.) Year in Review – Cross reference LPFA Customer Satisfaction table with LPFA performance report. Investment report – Typo on page 7.</p> | <p>RP</p> | | <p>Complete. Complete. Complete.</p> |