

Lancashire County Council

Lancashire Local Pension Board

Tuesday, 14th July, 2020 at 2.00 pm to be held remotely via Zoom.

Agenda

Part I (Open to Press and Public)

No. Item

Part I (Open to Press and Public)

1. **Welcome and Apologies**
2. **Disclosure of Pecuniary and Non-Pecuniary Interests**
3. **Membership and Terms of Reference of the Board** (Pages 1 - 2)
4. **Local Pension Partnership Administration Update** (Pages 3 - 18)
5. **Minutes of the Last Meeting.** (Pages 19 - 24)

To be confirmed, and signed by the Chair. The subsequent scheduled meeting of the Board on the 21st April 2020 was cancelled due to the Covid-19 pandemic.
6. **Written resolution procedure and decisions taken since the last meeting of the Lancashire Local Pension Board.** (Pages 25 - 50)
7. **Regulatory Update** (Pages 51 - 56)
8. **Appeals Update** (Pages 57 - 60)
9. **LCPF Breaches Report** (Pages 61 - 64)
10. **UK Stewardship Code Compliance** (Pages 65 - 68)
11. **Feedback from members of the Board on pension related training.** (Pages 69 - 74)

12. Part I reports circulated to members of the Pension Fund Committee (Pages 75 - 76)

13. Urgent Business

An item of urgent business may only be considered under this heading where, by reason of special circumstances to be recorded in the minutes, the Chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency. Wherever possible, the Chief Executive should be given advance warning of any Member's intention to raise a matter under this heading.

14. Date of Next Meeting

The next scheduled meeting of the Board will be held at 2.00pm on the 13th October 2020 either remotely via Zoom or in Exchange Room 6 at County Hall, Preston.

15. Exclusion of Press and Public

The Board is asked to consider whether, under Section 100A(4) of the Local Government Act, 1972, it considers that the public should be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part I of Schedule 12A to the Local Government Act, 1972, as indicated against the heading to the item.

Part II (Not Open to Press and Public)

16. Part II reports circulated to members of the Pension Fund Committee (Pages 77 - 78)

L Sales
Director of Corporate Services

County Hall
Preston

Lancashire Local Pension Board

Meeting to be held on Tuesday, 14 July 2020

Electoral Division affected: None;

Membership and Terms of Reference of the Board

Contact for further information: Mike Neville, 01772 533431, Legal and Democratic Services mike.neville@lancashire.gov.uk

Executive Summary

This report sets out the current membership and Terms of Reference of the Lancashire Local Pension Board.

Recommendation

That the membership and Terms of Reference of the Lancashire Local Pension Board, as set out in the report, be noted.

Background and Advice

The constitution of the Lancashire Local Pension Board is 9 members on the basis of an independent Chair and 8 other members - 4 representing employers and 4 scheme members.

The current membership of the Board is as follows.

William Bourne - Independent Chair

County Councillor M Salter* - Employer representative (Lancashire County Council)

Mr T Pounder - Employer representative (Lancashire County Council)

Mr S Thompson - Employer representative (Unitary, City, Borough Councils and Police/Fire)

Mr C Gibson - Employer representative (Other Employers)

Ms K Haigh - Scheme member representative.

Ms Y Moulton - Scheme member representative.

Mr K Wallbank - Scheme member representative.

Ms D Parker - Scheme member representative.

*County Councillor Salter replaced County Councillor Britcliffe as the County Council Employer Representative with effect from the 8th June 2020.

Review of the Terms of Reference

In accordance with the Work Plan the Terms of Reference of the Board were reviewed at the end of 2019 and proposed amendments presented to the Board on the 14th January 2020 for consideration. At that meeting the Board agreed that further work was required on some sections of the Terms of Reference and asked that a revised version be shared with Board members outside of the meeting.

Unfortunately it was not possible to have an updated version of the Terms of Reference ready in time for it to be finalised with Board members and presented to the Pension Fund Committee at the beginning of March. The situation was then further complicated by the impact of the Covid-19 pandemic and the need to focus attention on other areas of work.

However, a revised Terms of Reference was circulated to all Board members in April 2020 and as no adverse comments were received the revised version was subsequently approved by the Board using the written resolution procedure with the intention that it be presented to the Pension Fund Committee in June 2020 for approval.

The Committee on the 19th June 2020 was subsequently cancelled in response to the ongoing Covid-19 outbreak and so the revised Terms of Reference will now be presented to the Committee on the 18th September 2020 for approval.

A copy of the current Terms of Reference of the Board is available to view at Article 7 (Other Committees of the County Council) of the Lancashire County Council [Constitution](#).

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
Approval of revised Terms of Reference by the Board	1 st May 2020	M Neville 01772 533431

Reason for inclusion in Part II, if appropriate

N/A

Lancashire Local Pension Board

Meeting to be held on Tuesday, 14 July 2020

Electoral Division affected:
(All Divisions);

Local Pensions Partnership Administration Update

(Appendix 'A' refer)

Contact for further information: Abigail Leech, 01772 532018, Governance & Risk Officer, Mukhtar.Master@lancashire.gov.uk

Executive Summary

The Local Pension Board oversees the administration function operated within the Local Pensions Partnership and receives regular updates from the service provider, Local Pensions Partnership.

Appendix 'A' provides an update of Local Pensions Partnership activities and performance in regards to administration.

Recommendation

The Board is asked to note the content of this report.

Background and Advice

The presentation attached as Appendix 'A' provides an update from the Local Pensions Partnership with regard to Administration. The presentation covers the following:

- Overview of what LPP do;
- Service Level Performance;
- Priorities for 2020/21;
- Engagement update and priorities.

Rachel Blundell – Operations Director (Local Pensions Partnership Administration) will dial in to the meeting to present the report and answer any questions.

Consultations

Local Pension Partnership Administration

Implications:

This item has the following implications, as indicated:

Risk management

Clear reporting on the Local Pensions Partnership administration will allow the Board to better understand and manage the range of risks faced by the Fund.

**Local Government (Access to Information) Act 1985
List of Background Papers**

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate.

N/A

LOCAL PENSIONS PARTNERSHIP

Pensions Administration Update

Lancashire County Pension Fund – Local Pensions Board

Rachel Blundell – Operations Director, Pensions Administration
July 2020

LPP
Local Pensions Partnership

Pension Administration Overview – What We Do...

Pensions Administration

We manage all pensions administration including processing of retirements, deaths, transfers, new starters, leavers and aggregation. 3 locations; Preston, Havering and Hertfordshire

Helpdesk

Our Helpdesk in Preston takes all incoming telephone calls to the member helplines and is the first point of contact for incoming email enquiries

Regulatory Requirements

We ensure that we meet all regulatory requirements, e.g. issuing of Annual Benefit Statements and P60s

Data & Payments

Our data team ensures member records are up to date and correct. They manage data submissions for the triennial actuarial valuation.

Our payroll team ensure pensions are paid correctly and on time.

Business Improvement

Dedicated business development and improvement team continuously identifying and delivering improved ways of working.

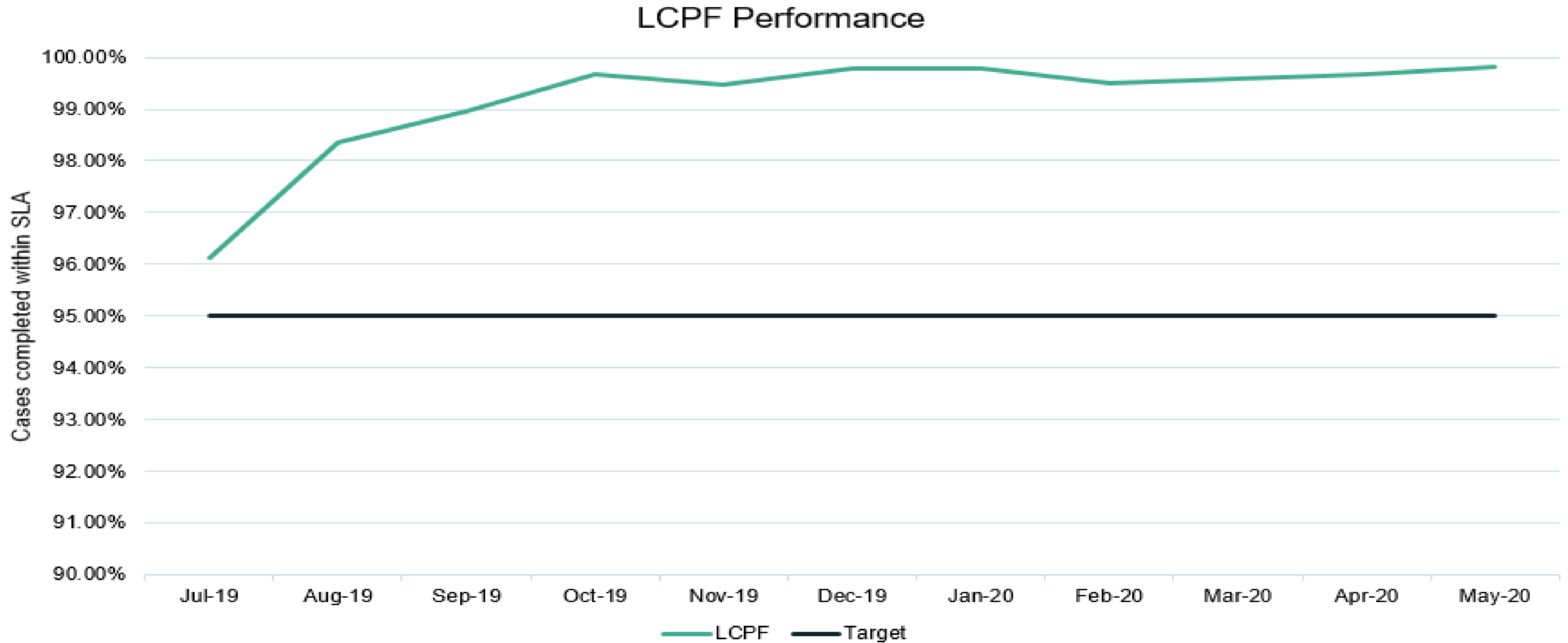
Engagement

Specialist team delivering member and employer engagement. They issue regular newsletters and organise engagement meetings and member and employer forums.

Summary

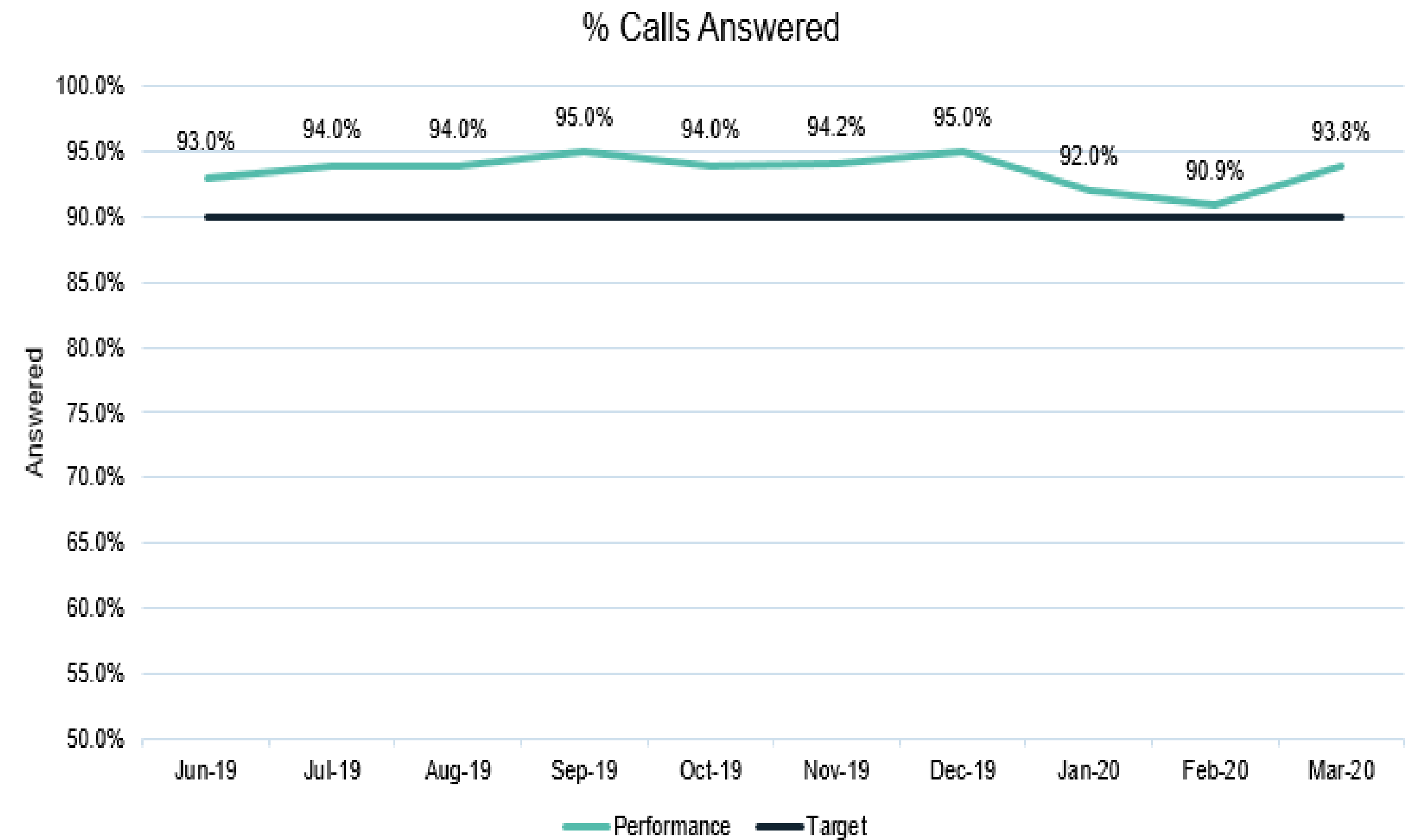
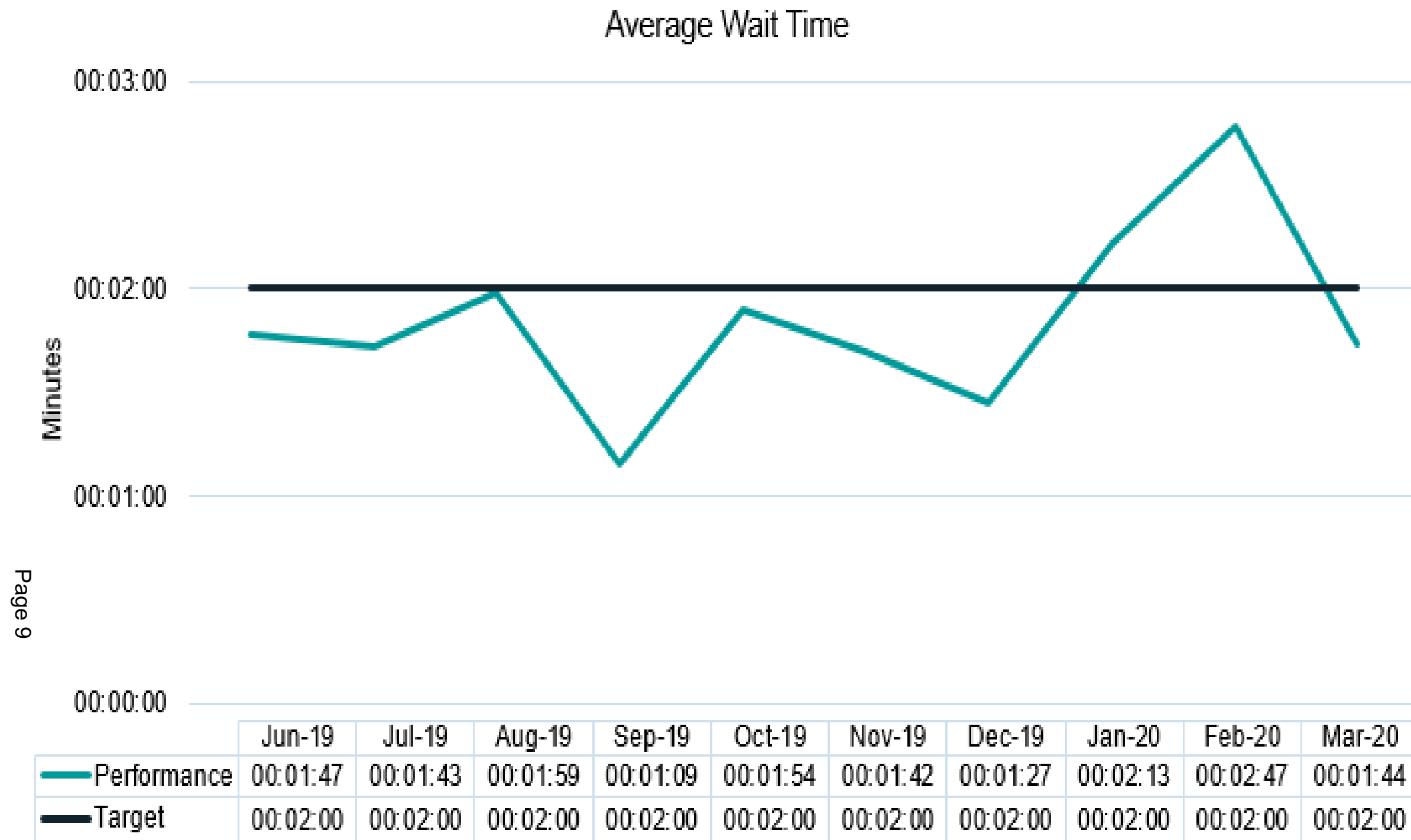
- Continued stability in the face of Covid-19 despite some disruption in the move to homeworking. Casework performance of over 99% for LCC in May/June respectively.
- Best ever satisfaction scores since BCP invoked.
- Contact Centre remote working temporary solution was replaced on 11th June with robust solution delivering enhanced functionality and management reporting.
- All post has been redirected from our offices and is scanned by a third party supplier, and we are investigating products to enable digital signing of documents.
- Temporary lull in incoming post, email and call volumes was experienced whilst people adjusted to the pandemic but have now generally returned to normal levels. Reported deaths are c.30% higher than normal.
- Fortnightly client calls are in place (weekly at the start of the pandemic).
- Work on the IT platforms to support LPPA continues – the core administration systems are the focus with the project team assessing both the system and procurement options.
- Finalising new Service Metrics to be the basis for future management reporting.

Service Level Performance (casework)



- Overall pension administration casework performance consistently exceeding 95% SLA
- Focus on payment and priority cases
- New targets to track elapsed time of retirement & death cases
- Review of service metrics to take place this year

Service Level Performance (helpdesk)



- Overall wait times have generally been under 2 minutes and over 90% of calls have been answered
- New death cases prioritised in the call queue
- Call data temporarily suspended from April 2020 due to Covid-19 contingency working
- Improved telephony system introduced June 2020

Contact Centre Satisfaction

Satisfaction Survey Score - Helpdesk



	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20
— Satisfaction - Call handler	96%	96%	98%	98%	98%	99%	98%	98%	98%	99%	97%	97%
— Satisfaction - Overall service			83%	83%	84%	84%	83%	84%	85%	84%	90%	91%
— Satisfaction Target	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%

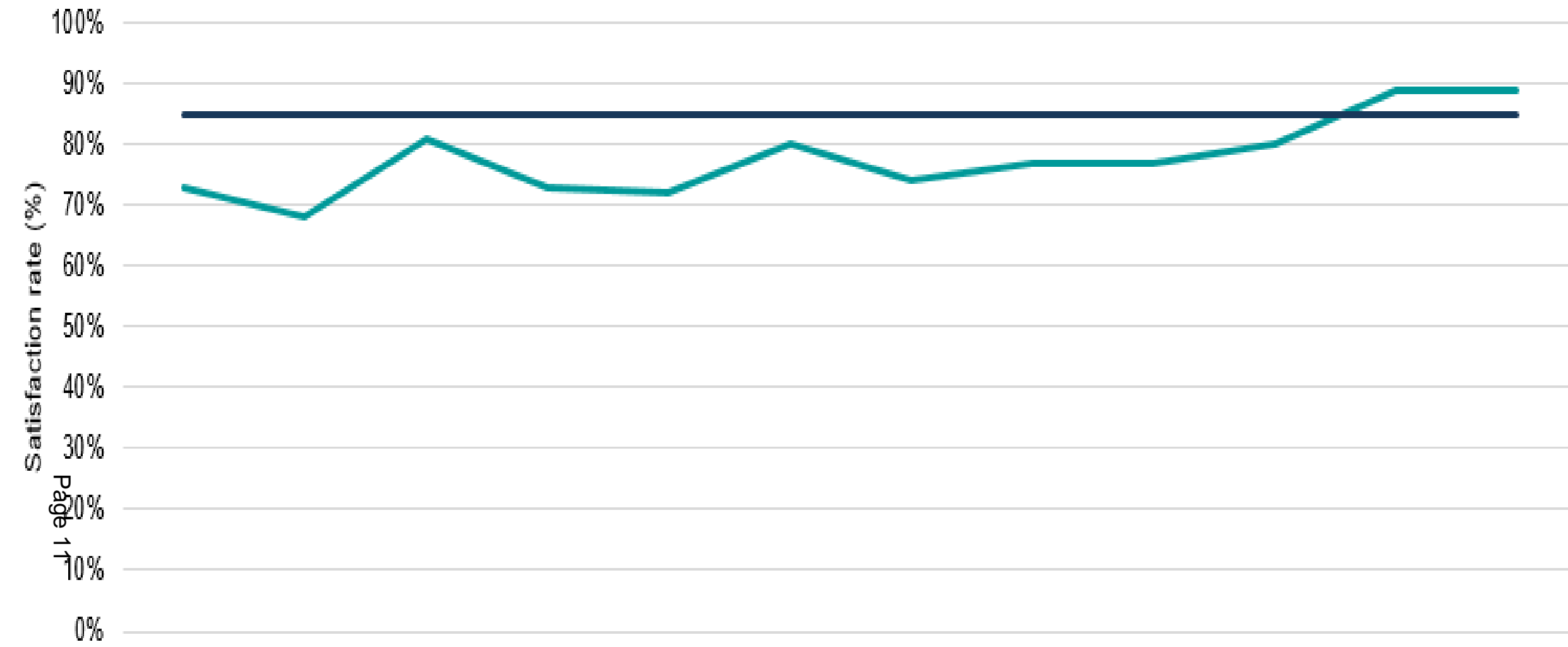
May 2020

338 callers were surveyed with call handler satisfaction achieving 97% and overall service 91%.

Anecdotal feedback received from members suggests increased satisfaction scores as a result of how quickly LPP deployed a remote working solution to continue servicing the helpdesk, when other providers in the service industry had to close their contact centres.

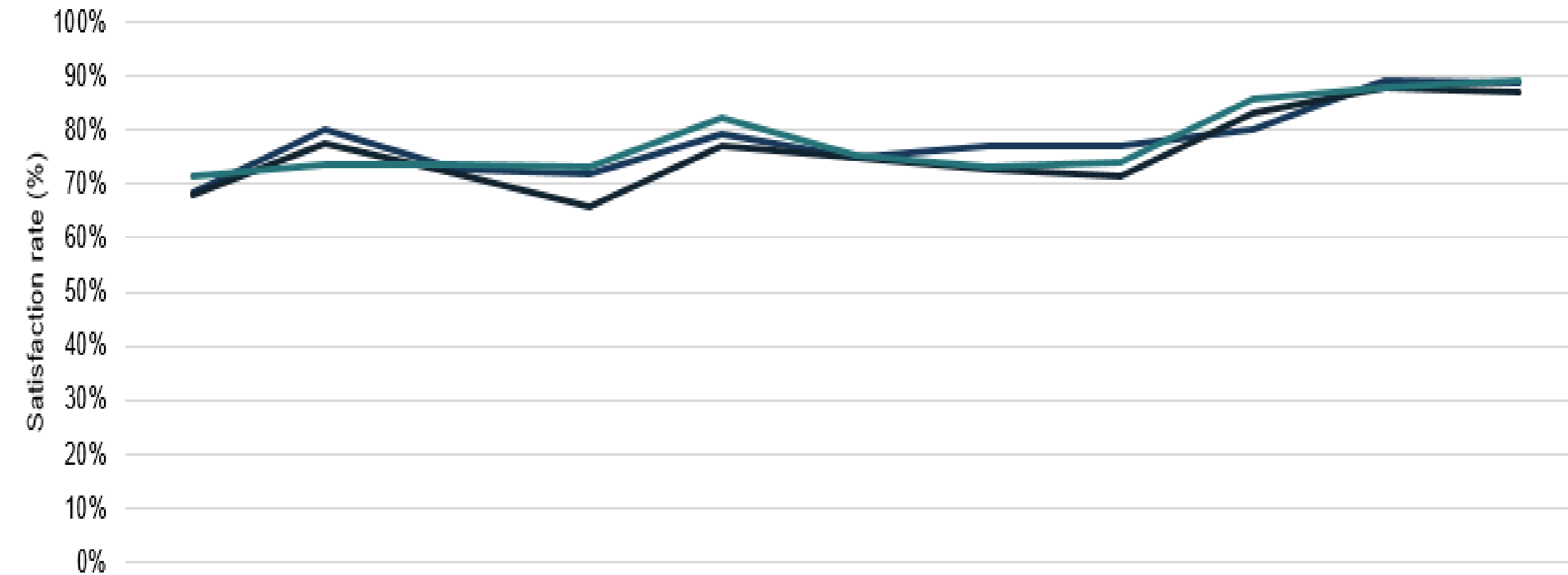
Retirement Satisfaction

Retirement satisfaction survey (% satisfied)



	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20
Performance	73%	68%	81%	73%	72%	80%	74%	77%	77%	80%	89%	89%
Satisfaction Target	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%

Retirement satisfaction by reason



	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20
Overall Experience	68%	80%	73%	72%	79%	75%	77%	77%	80%	89%	89%
Response Speed	68%	77%	72%	66%	77%	75%	73%	72%	83%	88%	87%
Information Quality	71%	73%	74%	73%	82%	76%	73%	74%	86%	88%	89%

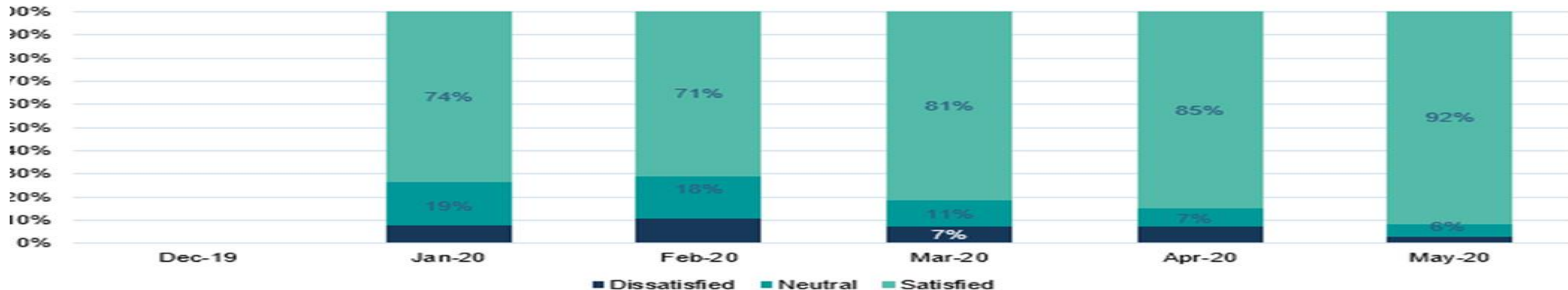
May 2020

177 retirees responded to surveys with feedback on the retirement experience achieving 89% satisfaction.

The main reasons for dissatisfaction are:

- Delays in making payment of retirement benefits
- Lack of understanding of the process / expected timescales
- Lack of communication when there are delays

Retirement Satisfaction – LCPF only



	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20
Dissatisfied	0%	8%	11%	7%	7%	3%
Neutral	0%	19%	18%	11%	7%	6%
Satisfied	0%	74%	71%	81%	85%	92%
Member responses	0	53	38	27	67	72

May 2020

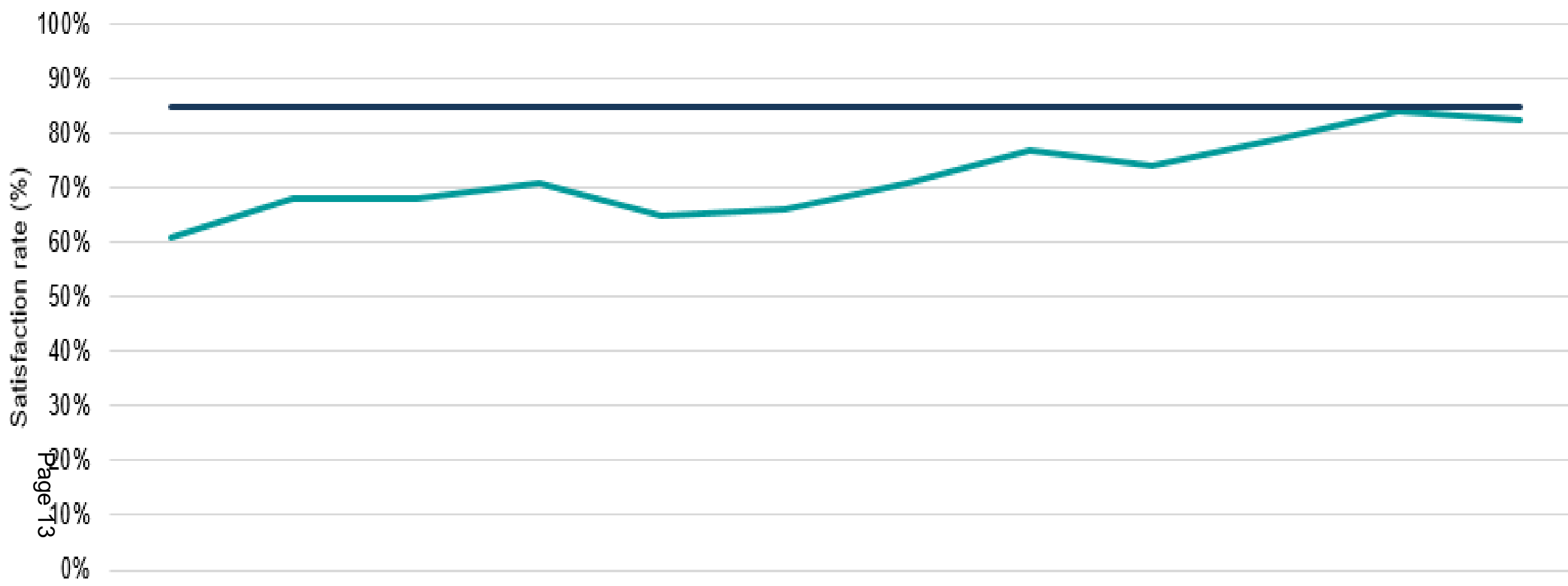
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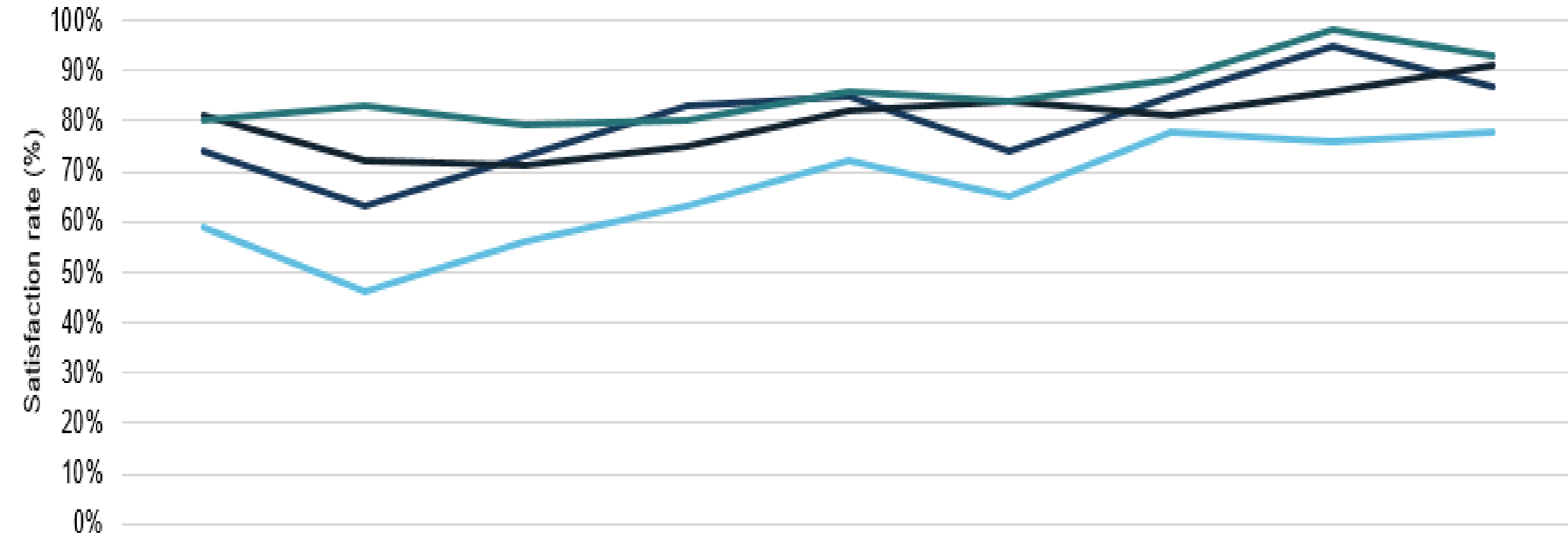
E-mail Satisfaction

Email satisfaction survey (% satisfied)



	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20
Performance	61%	68%	68%	71%	65%	66%	71%	77%	74%	79%	84%	82%
Satisfaction Target	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%

E-mail satisfaction by reason



	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20
Speed of Response	74%	63%	73%	83%	85%	74%	85%	95%	87%
Information Helpfulness	81%	72%	71%	75%	82%	84%	81%	86%	91%
Information Clarity	80%	83%	79%	80%	86%	84%	88%	98%	93%
Query Resolution	59%	46%	56%	63%	72%	65%	78%	76%	78%

May 2020

On average, we received c480 e-mails per working day into the helpdesk. We received 1,066 responses in May to the e-mail surveys, achieving an overall satisfaction score of 82%.

The main reason for dissatisfaction is:

No resolution at first point of contact and/or a handoff is required. This question scored 78% satisfaction and is our area of focus currently to improve the overall satisfaction score. We are looking at more intuitive triage of emails by 'query type' to avoid handoffs.

Key Performance Indicators & Targets



KPI	Target
SLA's met	<ul style="list-style-type: none"> • 95% +
SLA Helpdesk	<ul style="list-style-type: none"> • Average wait < 2 minutes • Abandoned calls < 5% • Longest wait < 10 minutes • E-mail/contact us response 48hrs • First contact resolution
Satisfaction scores	<ul style="list-style-type: none"> • Calls 85%+ • E-mails 85% + • Retirements 85% + • Bereavements • Estimates
Payroll paid	<ul style="list-style-type: none"> • 100% on time
Elapsed time	<ul style="list-style-type: none"> • Active - 50% of new pensioners without a cashflow interruption of greater than 1-month • Deferred - 50% of new pensioners without a cashflow interruption of greater than 1-month • Death – case elapsed time <55 working days
Data quality	<ul style="list-style-type: none"> • Common data 95%+ • Conditional data 90%+ • Outstanding leavers
MSS Registration	<ul style="list-style-type: none"> • Increase by 5%
Member data	<ul style="list-style-type: none"> • Increase by 5% emails held • Increase by 5% telephone numbers held

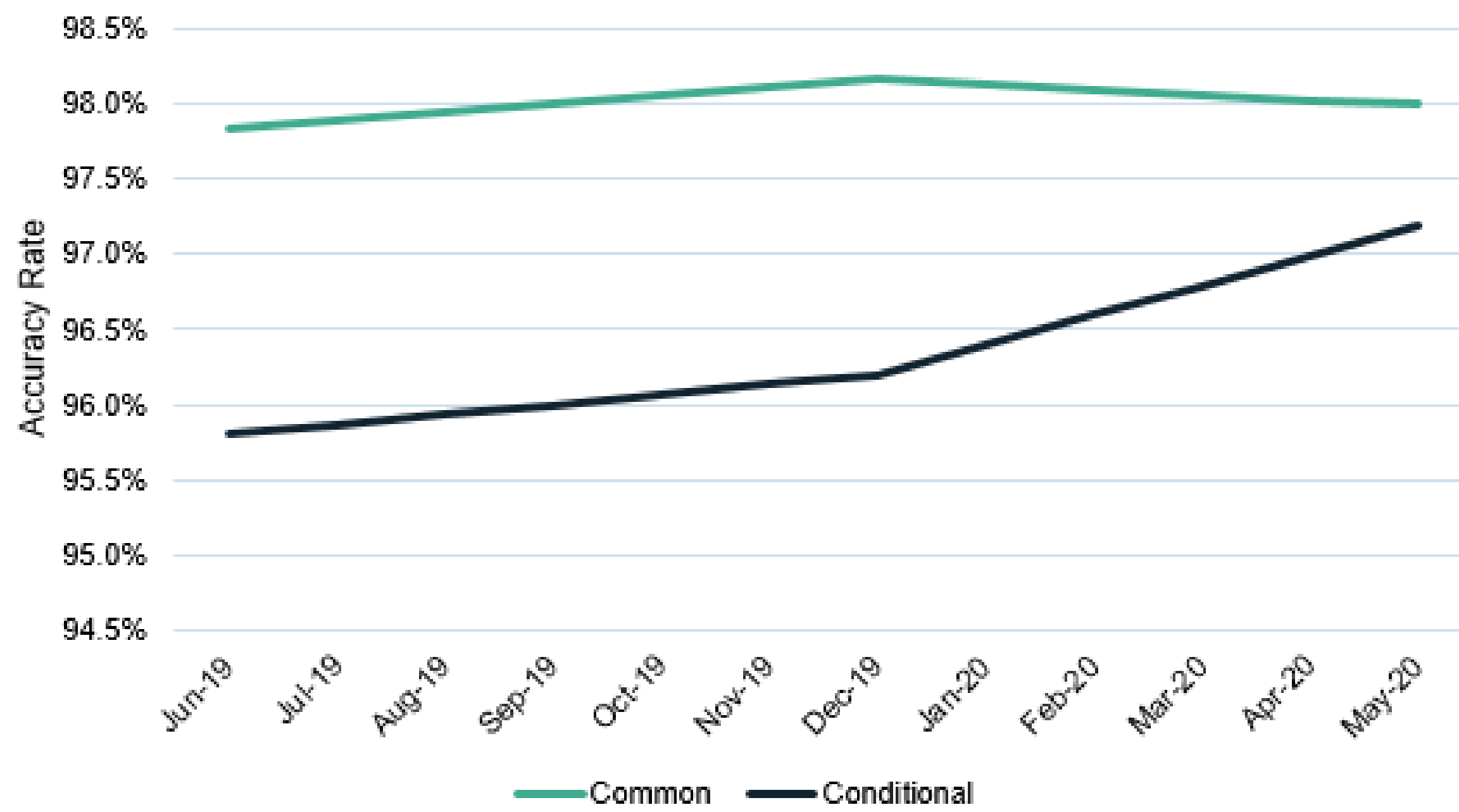
The Pensions Regulator – Common/Conditional Data

Common data score

Fund	Target	Q2 2019/20	Q3 2019/20	Trend	Q4 2019/20	Trend
LCPF	95%	98.0%	98.2%	0.2%	98.1%	-0.1%

Conditional data score

Fund	Target	Q2 2019/20	Q3 2019/20	Trend	Q4 2019/20	Trend
LCPF	90%	96.0%	96.2%	0.2%	96.8%	0.6%



During 2019/20, we tracked the TPR scores on a quarterly basis. We plan to track performance monthly during 2020/21 and our data team are developing an ongoing program of work to maintain/improve data scores to above the targets outlined above.

- Pensions Administration Financial Viability
 - LPP group restructure
 - Client quarterly budget reviews
 - Robust cost control
- Core Systems - Core administration system market review
- Build and strengthen working relationships with members and employers
- Risk management culture and framework

Engagement Priorities 2020/21

- Recruited Head of Engagement & Communications / Recruitment of Member Engagement Manager & investment in the function
- Introducing new KPI's and targets aligned to improving the member experience
- Formalise communications plans for members and employers & review all letters
- Improved member experience
 - Faster end to end processing of payment cases (retirements, deaths, etc.)
 - Shorter end to end elapsed time across all cases
 - Satisfaction surveys – implement learnings & additional surveys
 - Smarter ways of working/process reviews and re-engineering
 - Aim to reduce volume of emails and response time for email
 - Letter review committee
 - New websites & functionality (webchat)
- Improved employer experience
 - Webinar training
 - Targeted employer training and visits
 - New websites

Regulatory Communications

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Pension Increase												
Annual Benefit Statement (active)					Due							
Annual Benefit Statement (deferred)				Due								
P60s												
Newsletter (deferred)		Due										
Newsletter (pensioner)												
Newsletter (active)					Due							
Newsletter (employer)												
Issue Annual Allowance							Due					
Statutory Valuation												Due

- All required regulatory documents issued on or ahead of time

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Lancashire Local Pension Board

Minutes of the Meeting held on Tuesday, 14th January, 2020 at 2.00pm in Meeting Room CHG: 04 at County Hall, Preston.

Present:

Chair

William Bourne

Board Members

Tony Pounder, Employer representative - Lancashire County Council
Steve Thompson, Employer representative - Unitary, City, Boroughs, Police and Fire
Carl Gibson, Employer representative - Other Employers
Kathryn Haigh, Scheme Member representative
Yvonne Moulton, Scheme Member representative
Deborah Parker, Scheme Member representative.

Officers

Abbi Leech, Head of Pension Fund, Lancashire County Council.
Colin Smith, Technical Adviser Pensions, Lancashire County Council.
Mukhtar Master, Governance & Risk Officer, Lancashire County Council.
Mike Neville, Senior Democratic Services Officer, Lancashire County Council.
Jo Darbyshire, Director of Administration, Local Pensions Partnership.

1. Apologies

Apologies for absence were received from Mr K Wallbank and County Councillor P Britcliffe.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

No declarations of interest were made at this point in the meeting with regard to items on the agenda.

3. Minutes of the last meeting

It was noted that the draft Communications Policy for the Fund and the Local Pension Partnership Strategic Plan would be presented to the Pension Fund Committee on the 7th February 2020 as the meeting in November had been cancelled following the announcement of the General Election.

With regard to the number of members of the Fund had asked for information to be sent to them through the post it was reported that 3,616 requests had been received, representing 2% of the total membership (176,476) at 31st March 2019. Information regarding numbers of new members and those who had chosen to opt out of the LGPS had been circulated to Board members since the last meeting. The Board noted that over the last 5 years there had been a gradual reduction in the number of

members who had opted out of the scheme which was similar to the average rate of other LGPS funds in England and Wales.

The Head of Fund informed the meeting that officers were working with the Local Pensions Partnership to develop a Governance Charter which would address the request for a briefing on the on the responsibilities of shareholders and role/structure of the Partnership made at the last meeting.

Resolved:

1. That the updates given at the meeting are noted and the Minutes of the meeting held on the 15th October 2019 are confirmed as an accurate record and signed by the Chair.
2. That a report on the Governance Charter for the Local Pensions Partnership be presented to a future meeting of the Board in response to the request for a briefing on the role/structure of the Partnership made at the meeting on the 15th October, 2019.

4. Regulatory Update

Mr Smith, Technical Adviser (Pensions) presented a report which updated the Board on the following pension regulatory issues.

- a) An expected consultation on proposed changes to the Local Government Pension Scheme in response to the McCloud judgement
- b) The publication of statistics for 2018/19 regarding income, expenditure, membership, retirements and other activities within the Local Government Pension Scheme in England and Wales which generally reflected the position in the Lancashire Fund.
- c) The production of seven 'Pensions Made Simple' videos by the Local Government Association.
- d) The amendment of the Local Government Pension Scheme regulations to introduce survivor benefits payable to opposite-sex couples in civil partnerships.
- e) Draft statutory guidance for the Local Government Pension Scheme in relation to survivor benefits.
- f) Updates on consultations by the Ministry of Housing, Communities and Local Government regarding
 - The Fair Deal
 - The introduction of provisions for an exit payments cap
 - The local valuation cycle and the management of employer risk

Resolved: That the updates on regulatory matters, as set out in the report presented and given at the meeting, are noted.

5. Draft Funding Strategy Statement

A report was presented on the draft Funding Strategy Statement which the Lancashire County Pension Fund is required to produce under the terms of the Local Government Pension Scheme Regulations.

In considering the report the Board recognised that the draft Statement was both comprehensive and applicable to the different types and size of employer within the Lancashire County Pension Fund. It was noted that all interested parties were being consulted on the draft Statement with a deadline for receipt of comments of the 31st January 2020. An updated draft would then be presented to the Pension Fund Committee on the 7th February 2020 with a final version of the Statement being presented for approval at the meeting on 6th March 2020.

Resolved: That individual members of the Board forward any specific comments they may have on the draft Funding Strategy Statement to the Head of the Pension Fund before the 31st January, 2020, so that they can be taken into account when finalising the Statement before it is submitted to the Pension Fund Committee for approval.

6. Lancashire County Pension Fund Compliance with the Pension Regulator Requirements

Mr Master, the Governance & Risk Officer, presented a report on the updated Compliance Statement for the Lancashire County Pension Fund and confirmed that overall compliance against the Code of Practice 14 was good. He also reminded the members of the Board that the next internal pensions workshop on the 22nd January 2020 would look at the work of the Pension Regulator.

Resolved: That the revised Compliance Statement for the Lancashire County Pension Fund, as set out at Appendix 'A' to the report presented, is approved

7. 'Good Governance in the LGPS' Project Update

A report was presented on the most recent update with regard to the Scheme Advisory Board's 'Good Governance in the LGPS' project, which included recommendations covering areas such as conflicts of interest, representation, skills/training and compliance/improvement.

The Chair identified a number of recommendations in the Appendix where the Board would be able to provide valuable input and it was acknowledged that measures were already in place in relation to some other recommendations. It was noted that in due course Officers would review any firm proposals agreed by the Scheme Advisory Board against existing governance arrangements for the Fund ahead of the publication of any statutory guidance.

Resolved:

1. That the recommendations set out in the November 2019 report by the Scheme Advisory Board regarding Phase II of the 'Good Governance in the LGPS' project are noted.

2. That the current governance arrangements of the Fund be reviewed against any statutory guidance issued by the Ministry for Housing, Communities and Local Government and a further report presented to a future meeting of the Board before any recommended changes are referred to the Pension Fund Committee.

8. Review of the Terms of Reference of the Board.

Mr Neville, Senior Democratic Services Officer, reported that in accordance with the 2019/20 Work Plan the Terms of Reference of the Board had been reviewed.

The Board discussed the various proposed amendments to the Terms of Reference, as set out in the Appendix to the report, particularly with regard to the role of the Chair, the budget allocated to the Board, the quorum for meetings and the reimbursement of employers regarding time spent by employees in fulfilling their duties as members of the Board.

Following the discussion it was agreed that further work be done on some sections of the Terms of Reference and that a revised version be shared with all members of the Board outside of the meeting.

Resolved: That a revised version of the Terms of Reference be circulated to all members of the Board outside of the meeting for review and comment so that a final draft can be presented to the Pension Fund Committee on the 6th March 2020 for consideration.

9. Lancashire Local Pension Board Work Plan 2020/21

A number of amendments/additions were suggested in relation to the proposed 2020/21 work plan for the Board and the Head of the Pension Fund undertook to update the draft work plan and circulated it to all Board members outside of the meeting for comment so that a final version could be presented to the Pension Fund Committee for information.

Resolved: That the Head of the Pension Fund update the draft 2020/21 work plan to take account of the comments made at the meeting and circulate a revised version to all members of the Board for comment so that a final version can be agreed and presented to a future Pension Fund Committee.

10. Feedback from members of the Board on pension related training, conferences and events.

Mr Pounder reported that he had found the Fundamentals Training Programme he attended to be helpful with regard to his understanding of pensions and recommended the programme for any future new members of the Board. Mrs Haigh reported that the internal workshop on the role of the Local Authority Pensions Fund Forum had been interesting, though some aspects had been too detailed and Ms Moulton informed the Board that the Practitioners Conference in November 2019 had been informative and included some useful presentations.

The Head of the Pension Fund reported that feedback on external conferences/internal workshops was used to shape the future programme of training for members of the Board both in terms of subject matter and identifying those events which were considered the most beneficial.

Resolved: That the feedback given at the meeting in relation to the training received by members of the Board since the last meeting is noted.

11. Urgent Business

No items of business were raised under this item.

12. 2020/21 Programme of Meetings.

It was reported that in October 2019 the full council had approved a programme of meetings for its Cabinet and Committees (including the Pension Fund Committee) up to March 2021. Consideration has been given to an associated programme of meetings for the Lancashire Local Pension Board and, after consulting with the Chair and the Head of Fund, a set of proposed dates had been agreed which had subsequently been shared with the members of the Board.

Resolved: That the 2020/21 programme of meetings for the Board is approved with meetings to be held at 2.00pm in Exchange Room 6 on the 4th Floor of County Hall at Preston on the following dates.

Tuesday 14th July 2020.

Tuesday 13th October 2020.

Tuesday 19th January 2021.

Tuesday 20th April 2021.

13. Date of Next Meeting

It was noted that the next scheduled meeting of the Board would be held at 2pm on the 21st April 2020 in Meeting Room CHG: 04 at County Hall, Preston.

14. Exclusion of Press and Public

Resolved: That the press and public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraphs of Part I of Schedule 12A to the Local Government Act 1972, as indicated on each item. It is considered that in all the circumstances the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The Chair informed the meeting that he would take item 16 as the next item of business as Jo Darbyshire, the Director of Administration at the Local Pensions Partnership had arrived.

15. Local Pensions Partnership Administration update

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12 A of the Local Government Act 1972. It was considered that in all the circumstances of the case the public interests in maintaining the exemption outweighed the public interest in disclosing the information).

Jo Darbyshire, the Director of Administration from the Local Pensions Partnership presented her performance update report and informed the Board that the pension administration service continued to improve and meet the agreed service levels.

The Board discussed action taken in relation to staffing levels, data breaches and the recovery of under/overpayments and noted that whilst the transformation process had not yet achieved all of the intended aims the experience gained to date would be taken into account when considering implementing new systems/processes in the future in order to achieve further efficiencies.

Resolved: That the report be noted and the Director of Administration and her colleagues at the Local Pensions Partnership congratulated on the progress to date in relation to improving the standard of the pension administration service.

Jo Darbyshire left the meeting at this point.

16. Breaches reported to Pension Fund Committee since the last meeting

It was reported that as no information relating to breaches was available for presentation at the meeting details would be circulated to members of the Board outside of the meeting.

The Board discussed the future reporting on breaches and noted that in January 2019 it had been agreed that updates on contributions breaches would be presented on a 6 monthly basis and at every meeting in relation to data.

Resolved:

1. That an update regarding any contribution/data breaches since the last meeting be circulated to members of the Board for information.
2. That in future the Board receive a written quarterly report in relation to contribution and data breaches for the Lancashire County Pension Fund.

L Sales
Director of Corporate Services

County Hall
Preston

Lancashire Local Pension Board

Meeting to be held on Tuesday, 14 July 2020

Electoral Division affected: None;

Written resolution procedure and decisions taken since the last meeting of the Lancashire Local Pension Board.

(Appendices 'A' and B refer)

Contact for further information: Mike Neville, Tel: (01772) 533431, Senior Democratic Services Officer, mike.neville@lancashire.gov.uk

Executive Summary

This report sets out the written resolution procedure which enables the Board to take decisions between meetings and details three decisions taken using the procedure during April/May 2020.

Recommendation

That the following decisions of the Pension Board, taken using the written resolution procedure, are noted.

1. The approval of four recommendations from the Chair of the Board following his one to one meetings with Board members and others as part of the Annual Review.
2. The approval of the 2019/20 Annual Report of the Lancashire Local Pension Board and its recommendation to the Pension Fund Committee for approval and inclusion in the Lancashire County Pension Fund Annual Report.
3. The approval of the new Terms of Reference for the Lancashire Local Pension Board and their recommendation to the Pension Fund Committee for approval.

Background and Advice

Following consultation with the Chair the Board meeting scheduled for the 21st April 2020 was cancelled in response to the developing Covid-19 pandemic. In the circumstances it was considered appropriate to establish a procedure for dealing with any decisions which the Board may need to make between scheduled meetings if required, particularly given the uncertainty as to the impact of the pandemic on future meetings.

Under the Terms of Reference all Employer/Scheme Member representatives on the Board have an individual voting right but it is expected that the Board will, as far as

possible, reach a consensus. Under Regulation 106(7) of the LGPS Regulations 2013 the Chair is explicitly excluded from having a vote.

In the event that the Board need to take a decision between scheduled meetings then all Employer/Scheme Member representatives are consulted by email on the proposal and asked to indicate whether or not they support a recommended course of action. The Chair will also receive a copy of the written resolution for his information. The decision of the Board is then based on a simple majority of the responses received.

Once a decision has been taken using the procedure the Chair, Board members and the Head of Fund are informed by email and the decision is reported to a subsequent Board meeting so that it is a matter of public record.

Decisions taken since the last meeting of the Pension Board

1. Chairs Report on the 2019 Annual Review of the Lancashire Local Pension Board

The Chair of the Pension Board produced a report which summarised the main points from his one to one meetings with Board members and others as part of the Annual Review and made some recommendations to improve the effectiveness and efficiency of the Board in the future. A copy of the report is attached at **Appendix 'A'**. Normally the report would have been presented to the Board for discussion and approval but as the meeting scheduled for the 21st April 2020 had been cancelled it was considered appropriate to seek approval via the written resolution procedure.

After consulting all Employer/Scheme member representatives on the Board the following decision was taken under the written resolution procedure on the 9th April 2020:

Resolved – That the Lancashire Local Pension Board approve the following:

1. The continued allocation of particular areas of activity to Board members as set out in the table below and that individuals take formal responsibility for leading discussions on those activities in meetings.

Area	Includes	Members
Compliance with regulations and statutory guidance	The Pensions Regulator, Local Government Pensions Regulations	K Haigh & W Bourne
Communications	Engagement, Communications policy	D Parker & K Wallbank
Administration	Key Performance Indicators, ABSs, administration breaches	Y Moulton & S Thompson
IT	Fraud Control, data protection, cyber security	T Pounder & C Gibson
Investment policy documents	ISS, actuarial report, responsible Investment	D Parker & S Thompson

Service providers governance	Local Pension Partnership, custodian, audit	T Pounder & Y Moulton
Risk register		C Gibson & Vacancy

2. That Officers at the Local Pensions Partnership to be asked to notify the Board of opportunities either to give presentations or to write short articles in newsletters in order to publicise the role of the Pension Board.
3. That a social lunch for Board members be held ahead of each October meeting on an annual basis (to be funded from the Pension Board budget).
4. That the Head of the Pension Fund be requested to consider succession planning and, in particular, whether the Fund should have the option to invite Board members who are due to retire at the end of their eight-year term to continue for a further two years.

All members of the Board and the Head of the Pension Fund were subsequently informed of the decision by email on the 17th April 2020.

2. Lancashire Local Pension Board Annual Report 2019/20

The Terms of Reference for the Pension Board include the requirement for the Board to produce an Annual Report on its activities for consideration by the Pension Fund Committee, as the Administering Authority for the Lancashire County Pension Fund.

Attached at **Appendix 'B'** is a copy of the final draft 2019.20 Annual Report of the Pension Board produced by Mr W Bourne, the independent Chair of the Board following consultations with the Head of the Pension Fund, the Senior Democratic Services Officer and Board members.

Normally the draft would be presented to the Board for discussion and approval but as the meeting scheduled for April was cancelled due to the Covid19 pandemic and the next meeting would not be until July it was considered appropriate to seek approval via the written resolution procedure so that the draft could be finalised.

After consulting all Employer/Scheme member representatives on the Board the following decision was taken under the written resolution procedure on the 21st April 2020:

Resolved – That the attached 2019/20 Annual Report of the Lancashire Local Pension Board is approved and recommended to the Pension Fund Committee for inclusion in the Lancashire County Pension Fund Annual Report.

All members of the Board and the Head of the Pension Fund were subsequently informed of the decision by email on the 28th April 2020.

At that time the intention was for the draft to be presented to the Pension Fund Committee in June for approval before it was incorporated into the Lancashire County Pension Fund Annual Report. However, the Committee was cancelled and so the draft will now be incorporated into the LCPF Annual Report before it is presented to the Committee on the 18th September 2020 for approval

3. Approval of the new Terms of Reference of the Lancashire Local Pension Board.

At the meeting on the 14th January 2020 the Pension Board considered a report on the proposed new Terms of Reference and agreed that further work be undertaken on specific sections of the text and that a revised version be circulated to all members of the Board outside of the meeting for review and comment so that a final draft could be agreed and presented to the Pension Fund Committee for approval.

The Terms of Reference of several Pension Boards across the Country were examined in order to establish what provisions were in place elsewhere with regard to the specific issues raised at the Board. An updated version of the Terms of Reference was circulated by email to all Board members with a request that comments be submitted by the deadline of 30th April 2020. As no adverse comments were received by the deadline the final version of the new Terms of Reference (**Appendix 'C'**) were presented for formal approval by the Board under the written resolution procedure so that they could then be referred to the Pension Fund Committee for consideration and approval.

After consulting all Employer/Scheme member representatives on the Board the following decision was taken under the written resolution procedure on the 1st May 2020:

Resolved – That the new Terms of Reference for the Lancashire Local Pension Board, as attached, are approved and recommended to the Pension Fund Committee for approval.

The new Terms of Reference will be presented to the Pension Fund Committee on the 18th September 2020 for approval

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Tel
N/A		
Reason for inclusion in Part II, if appropriate		
N/A		

Report on the 2019 Annual Review of the Lancashire Local Pension Board

This note summarises the main points which came out of the one to one meetings I held with Local Pension Board members and Officers, and makes recommendations to improve its effectiveness and efficiency.

*William Bourne
Independent Chair of the Local Pension Board*

Time table of one to one meetings held

Name	Representative	Date
Kathryn Haigh	Members	14 th January 2020
Deborah Parker	Members	14 th January 2020
Abigail Leech	Officer	14 th January 2020
Steve Thompson	Employers	14 th January 2020
Tony Pounder	Employers	14 th January 2020
Carl Gibson	Employers	15 th January 2020
Yvonne Moulton	Members	15 th January 2020
Mike Neville	Officer	15 th January 2020
Peter Britcliffe	Employer	By phone
Eddie Pope	Chair of PFC	By phone
Keith Wallbank	Members	By phone

General

The Pension Board is obliged to conduct an annual review under its Terms of Reference, with the purpose of reviewing and improving its efficiency and effectiveness. As Chair, I also find it helpful to have one-on-one conversations with members and Officers outside formal meetings and this year I have met with six out of eight Board members and two Officers. I have also conducted telephone conversations with other members and the Chair of the Pension Fund Committee.

Over the last two years' reviews the main concern of Board members has been how best to monitor and hold to account the Fund's service providers, and in particular activity by the Local Pensions Partnership. It is pleasing to note that the major administration service issues now appear to be resolved, though most Board members felt that there is still room for improvement. The Board will continue to provide feedback in this area.

Board efficiency

Amongst Board members there continued to be general agreement that the Board works well as a body and the great majority of Board members remain committed and enthusiastic. The mixed

membership of the Board provides varied input and experience, and there is a good sense of collective responsibility. The new member representatives appointed over the past 15 months have both made valuable contributions to the Board's discussions. The detailed experience individual members can bring to bear in areas such as administration, communications, risk registers and IT has been particularly helpful over the past year.

One meeting in the past year was inquorate, as a result of an Employer representative being unable to attend at the last moment. The Board has since debated whether the current quorum of 2 employer and 2 scheme member representatives plus the independent Chair is reasonable, and concluded that it was important that decisions were taken by more than 50% of the Board. In the event of an inquorate meeting, we agreed to continue to discuss issues and receive briefings. However, any decision, approval or recommendation would be held over to the next meeting.

We held a small social event ahead of the Board in October 2019 (funded from the Board's budget) to thank members for the time and effort they have put into the Board. This was considered to be a success in terms of helping the membership of the Board to gel and I recommend it be held annually in October.

The experiment of allocating particular areas to individual members to lead the debate at meetings was continued in 2019. There was support for the principle from Board members and we will carry on in 2020. I have made some changes to the suggested areas of responsibility for each member for consideration and when the agenda for meetings are published I will do my best to let members know which items I expect them to take the lead on.

A number of Board members brought up the subject of succession planning as four members and the independent Chair are all due to complete their eight-year terms in 2023. There was also some concern that the eight-year limit to member terms might result in the loss of some institutional memory at the Fund and it may be worth providing the Fund with some options to mitigate this. I make recommendations below.

All members were clear that Officers provide effective support to the Board both in the management and the implementation of Board initiatives. I was also told that the Board operates smoothly from the Officers' perspective, though I have been requested if possible to summarise discussions and actions at the end of major agenda items to clarify any decisions taken for the minutes.

Board value for money and effectiveness

The universal feedback from my one to one meetings was that the Board, which has now been established for nearly five years, is genuinely adding value to the Pension Fund Committee according to its remit to 'assist'. Several Board members noted that its existence and willingness to provide expert challenge to service providers is a good way of keeping them

focused on the Fund's interests, and its non-political nature allows it to provide comments and advice from a neutral perspective.

Over the past two years the Board has played an active part (e.g. by establishing a small Advisory Group) in assisting the recovery of administration service to previous levels, but 2019 can perhaps be best categorised as 'business as normal'. The Board has assisted the Committee in its duties of scrutiny and assuring efficiency by providing specific expertise and user feedback. It has also actively commented on statutory and other documents such as the Communications and Responsible Investment policies.

Training

Training has been delivered in a variety of ways: in-house training together with members of the Committee (with recordings of some training workshops being available for members to view later), short briefing sessions ahead of the meeting, and external training (both on-line and in person). All Board members commented that the variety of training had allowed them to maintain their training, knowledge and understanding requirements, though different members tended to use different methods. The new scheme member representative on the Board praised the induction process, both in terms of training and the support provided.

Topics for 2020

The majority view is that the Board has now reached a settled state, and its focus should be on 'business as usual' in 2020. However, there were some areas we expect to put additional focus on:

- There was substantial support for a programme to communicate the value of the Fund to members and employers. We see this as in everyone's interest.
- We noted last year that it would be useful to review the Key Performance Indicators in the Local Pensions Partnership Service Level Agreement to ensure they are appropriate and relevant. We understand this is work in progress for 2020, but the Board would like to be involved and have the opportunity to comment.
- It is not clear how far Board members have a duty to represent their constituencies. While it is not contained in the Board's formal remit, it is implicit in their titles. However, there may be limits to what is possible given that the role of Board Members are unpaid, there are no obvious communication channels etc.
- There is a continuing need to assist the Committee in holding the Local Pensions Partnership, as the Fund's major service provider, to account. We will continue to monitor and provide feedback on administration service levels; going forward we will place more

emphasis on improving governance and ultimately benefiting from the increased efficiencies which were behind the original decision to set up the Partnership.

Recommendations

1. Continue to allocate particular areas of Board activities to selected Board members as per the table and asking them to take formal responsibility for leading discussions in meetings.

Area	Includes	Members
Compliance with regulations and statutory guidance	The pensions Regulator, Local Government Pensions Regulations	K Haigh & W Bourne
Communications	Engagement, Communications policy	D Parker & K Wallbank
Administration	Key Performance Indicators, ABSs, admin breaches	Y Moulton & S Thompson
IT	Fraud Control, data protection, cyber security	T Pounder & C Gibson
Investment policy documents	ISS, actuarial report, responsible Investment	D Parker & S Thompson
Service providers governance	Local Pension Partnership, custodian, audit	T Pounder & Y Moulton
Risk register		C Gibson & Vacancy

2. Officers at the Local Pensions Partnership to be asked to notify the Board of opportunities either to give presentations or to write short articles in newsletters in order to publicise the role of the Pension Board.
3. The Board hold a social lunch ahead of each October meeting on an annual basis.
4. Consideration be given to succession planning and, in particular, whether the Fund should have the option to invite members retiring at the end of their eight-year term to continue for two more years.

Lancashire Local Pension Board – Annual Report 2019/20

The Lancashire County Pension Fund's Local Pension Board (the Board) has now been up and running for nearly five years. As a reminder to readers, our legal duty is to assist the Pension Fund Committee. Because Board members explicitly represent either employers or members, we also have a representative role in the governance structure of the Fund.

After five years, the Board has established an effective way of adding value. We create an annual Work Plan to ensure that we are working in tandem with the Committee and are doing so methodically. The core of our work is to review the reports and compliance assurances which support the Fund's activities and comment on them to the Committee. If we believe something requires particular attention, we may make a formal recommendation to them which requires a response. However, we are always aware that our role is to assist the Committee and a good relationship between the two bodies is absolutely essential. I meet with the County Councillor Pope (Chair of the Pension Fund Committee) regularly and attended as many Committee meetings during the year as I was able to. Board members were pleased to welcome County Councillor Pope to our meeting in January 2020 in return and I can confidently assert that the two bodies work closely together.

I will start by reminding readers of the mechanics of the Board and then cover the training we undertake to fulfil the knowledge requirements. I will aim to give a flavour of what we actually did during the year and finally comment on where we expect to focus our efforts in the next year.

Membership of the Pension Board

The Board has nine members: four Employer representatives, four Scheme Member representatives and I act as the Independent Chair. Members serve an eight year term, except for the Chair who serves four. Apart from the Chair, none are remunerated other than for expenses incurred in attending meetings or training.

There have been some changes to the composition of the Board. At the beginning of the year Bob Harvey indicated his intention not to continue as a Scheme Member representative and on behalf of the Board I would like publicly to thank him for his contribution to the work of the Board over the past four years. Following a public procurement process, I am delighted to welcome Deborah Parker on to the Board as the new Scheme Member representative. During the year County Councillor Christian Wakeford, one of the two Lancashire County Council employer representatives, was successful in being elected as a Member of Parliament and chose to resign. I would also like to thank him for his services over the last two

years and am pleased to welcome County Councillor Peter Britcliffe as his replacement.

The Board is scheduled to meet four times a year at County Hall for about two hours. In order to cover our wide remit we allocate areas of responsibility to each Board member, who are expected to lead the discussion of those topics. The Board also established a small Advisory Group which met with the Director of Administration from the Local Pensions Partnership to offer advice and feedback on pension service administration issues.

In July 2019 the Board meeting was not quorate as a member was unable to attend at the last minute due to unforeseen circumstances. The Board members present continued to discuss items on the agenda with a Note of the meeting being presented to the subsequent Board meeting where recommendations were approved. The April 2020 meeting was cancelled in consequence of the Government's response to COVID-19. Some papers will be circulated among members for information and a process has been put in place where formal approval is needed.

The Board has a budget to cover both its expenses and to allow it to commission reports if required. During the year the cost of running the Board came to £11,500.

Attendance of Board members at meetings.

Details of individual members' attendance at Board meetings (between 1st May 2019 and 30th April 2020), together with in year changes to the membership of the Board, are set out below.

Name	Representing	9 th July 2019	15 th October 2019	14 th January 2020	21 st April. 2020
W Bourne	Independent Chair	✓	✓	✓	Cancelled
County Councillor C Wakeford	Employer rep - LCC	Absent	N/A	N/A	Cancelled
County Councillor P Britcliffe	Employer rep - LCC	N/A	✓	Apologies	Cancelled
T Pounder	Employer rep - LCC	Apologies	✓	✓	Cancelled
S Thompson	Employer – Unitary, City, Borough, Police & Fire	Apologies	✓	✓	Cancelled
C Gibson	Employer rep - Others	✓	✓	✓	Cancelled
K Haigh	Scheme Member rep	✓	✓	✓	Cancelled
Y Moulton	Scheme Member rep	✓	✓	✓	Cancelled
D Parker	Scheme Member rep	✓	✓	✓	Cancelled
K Wallbank	Scheme Member rep	✓	✓	Apologies	Cancelled

Changes to the membership of the Board

Ms D Parker was appointed in July 2019 to fill the vacancy following the resignation of Mr R Harvey in March 2019. In July 2019 County Councillor P Britcliffe replaced County Councillor C Wakeford as an employer representative (LCC) on the Board.

Training

The Board is under a legal obligation to ensure its members maintain their levels of knowledge and understanding through regular training. We conduct a gap analysis of training needs once a year as part of our own annual review, which becomes an agenda item at our next meeting. Board members have opportunities to attend training events during the year and continue to complete the online training modules from The Pension Regulator's Public Service toolkit.

Members are actively encouraged to join internal training sessions held jointly with the members of the Pension Fund Committee. During the year, internal training workshops were held on a number of topics including the following:

May 2019 – Employer risk

September 2019 - Risk Framework

November 2019 - Climate Change and Stewardship

January 2020 - The Pension Regulator

Members are also notified of and encouraged to attend external training conferences to extend their knowledge and meet LPB members from other Funds.

The table below shows the number of internal/external training events individual Board members attended during the period 1st May 2019 to 30th April 2020, together with online modules from The Pension Regulators Public Service Toolkit completed during the year.

Name	Internal events	External Events	Online Modules
W Bourne	1	5	0
County Councillor P Britcliffe	1	0	0
T Pounder	2	3	0
S Thompson	2	0	7
C Gibson*	2	1	0
K Haigh	7	1	2
Y Moulton	6	3	0
K Wallbank	5	0	0
D Parker*	4	0	7

*These Board members were due to attend separate external pension related Conferences in March 2020 though both events were cancelled in response to the Covid-19 pandemic. Where possible expenditure is being recouped and the situation monitored in case events are rescheduled for later in the year.

Further information about the Board, including minutes and public papers, can be viewed on the [Your Pension Service website](#).

Activities

In the previous year I noted that we spent a lot of our time on administration service levels, and this continued to be a focus for the LPB particularly in the first half of the year. I believe that the service provided to members has now recovered to somewhere near previous levels, although I recognise there is still further work to do.

The core of our work is oversight. At every meeting, we look at any breaches of the regulations and consider the Key Performance Indicators (KPIs) agreed with LPP as indicators or performance levels. I said last year that we were looking for a full review of these to ensure they properly reflect the experience of Fund members. This is still work in progress, but I can assure members that it is a priority for the LPB. They should help us understand how effectively the Fund is delivering its services to members and thereby assist the PFC in the crucial role of monitoring LPP's performance properly.

In our scrutinising role, during the year among other things we reviewed the Funding Strategy Statement which follows the March 2019 actuarial valuation, compliance with The Pensions Regulator's Code on Public Pensions (COP14), data quality improvements and the Fund's governance structure, both internally and in respect of LPP. We provided input on the responses to a number of issues facing the Fund as a result of government issues or legal judgements. In all cases in fulfilling our role our objective has been to protect the interests of employers and members and to ensure the Fund remains viable and solvent.

We also reviewed and commented on a number of documents including the Communications and Engagement and Responsible Investment policies. The wide range of expertise among Board members as well as their experience as users, either employers or members of the Fund, means the Board is well placed to provide useful and relevant feedback to the Committee in all these areas.

One of our formal objectives is to assist the Pension Fund Committee in ensuring the Fund is managed efficiently and effectively. As part of this we offer input and spend much time on the Risk Register and also made suggestions about the scope of internal and external audits. This is all part of keeping a careful eye on the operation of Fund's governance structure and processes.

I write this during the crisis precipitated by COVID-19 (coronavirus). At the moment in-person meetings have been cancelled by Lancashire County Council and there is no guarantee that the Board will be able to meet in the way we have until now. As a result we will explore ways for Board members to continue to contribute to the work of the Pension Fund Committee and the Fund until such times as the current pandemic has passed.

We expect our focus in the next 12 months to be very much on our core functions. In particular The Pensions Regulator will be bringing in a new Code of Practice and there is a clear intention to improve the KPIs as mentioned above. Following the recent sharp falls in markets, communication and engagement with members and employers is going to be a high priority. We view it as particularly important in these difficult times to remind all parties how valuable the LGPS Scheme is to those enrolled in it. Finally, we will continue our work of monitoring The Local Pensions Partnership, whose services on both the investment and administration sides are so vital to the Fund.

The Board's role does not cover investments but it would be remiss of me, in the light of the recent sharp fall in markets, not to make some comment. I said last year that your Fund was in a good position with funding levels at 31st March 2019 likely to be close to 100%. While the Fund (through the Local Pensions Partnership) had already taken substantial steps to mitigate market risk, the funding level at March 2020 will inevitably be lower as a result of the current COVID-19 pandemic. However, I would remind members that paying pensions is a long-term business, and markets do by their nature rise and sometimes fall sharply. While I do not wish to be complacent about the seriousness of recent events, the Fund remains in a robust position to endure current market uncertainties.

I would like once again to finish by thanking the officers at LCPF who support us in our duties. As part of our Annual Review I speak individually to each Board member, and I can again record full agreement that we are ably and effectively supported by the Lancashire County Pension Fund team. I am delighted to recognise that publicly in this report.

William Bourne

Independent Chair of the Lancashire Local Pension Board

April 2020

Lancashire Local Pension Board

Terms of Reference – as presented to Board on 14th January 2020 (revised)

1. Role and remit of the Board

- a) To assist Lancashire County Council as the Administering Authority in its role as Scheme Manager (as delegated to the Pension Fund Committee):
 - i. to secure compliance with the Local Government Pension Scheme (LGPS) regulations and any other legislation relating to the governance and administration of the LGPS;
 - ii. to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
 - iii. in such other matters as the LGPS regulations may specify.
- b) To ensure the effective and efficient governance and administration of the LGPS for the Lancashire County Pension Fund (the Fund).
- c) To provide the Pension Fund Committee with such information as it requires to ensure that any member of the Board or person to be appointed to the Board does not have a conflict of interest.
- d) To review and scrutinise governance processes and procedures to ensure that the Fund is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- e) To meet sufficiently regularly to discharge its duties and responsibilities effectively, but not less than four times in any year.
- f) To review the key policy documents for the Fund to ensure they are fit for purpose.
- g) The Board must assist the Pension Fund Committee with such other matters as the scheme regulations may specify.

This role involves but is not limited to assisting with, the oversight of and commenting on:

- i the development of improved customer services.
- ii the monitoring of administration and governance against key performance targets and indicators.
- iii the effectiveness of processes for the appointment of advisors and suppliers to the County Council.
- iv a review of the Lancashire County Pension Fund Risk Register as it relates to the Scheme Manager function of the Authority.

- v the development of improved management, administration and governance structures and policies.
 - vi a review of the outcome of actuarial reporting and valuations.
 - vii any other area within the core function (i.e. ensuring effective and efficient governance of the Scheme) that the Board deems appropriate.
- h) To review the outcome of internal and external audit reports in relation to the Fund.
 - i) To make such recommendations to the Pension Fund Committee and/or Full Council as it considers appropriate in relation to any matter that the Board considers may improve the performance of the Fund.
 - j) To submit to the **Pension Fund Committee** in March each year a proposed annual work plan for the forthcoming financial year.
 - k) To carry out any activities relating to the efficient governance and administration of the Fund which the Pension Fund Committee or Full Council may request the Board to undertake.

2. Membership and Appointment Process

The Board shall consist of 9 members and be constituted as follows:

4 employer representatives, of whom:

- i. 2 shall be nominated by Lancashire County Council, where these are councillors or officers they shall meet the requirements of the relevant regulations in relation to avoidance of conflict with the County Council's role as Administering Authority;
- ii. 1 shall be nominated by the Unitary, City, and Borough Councils and the Police and Fire bodies which are employers within the Lancashire County Pension Fund; and
- iii. 1 shall be nominated following consultation with the other employers within the Fund.

4 scheme member representatives drawn from the membership of the Fund.

1 independent member selected by the **Pension Fund Committee** who shall not be a member of the Lancashire County Pension Fund and who shall be appointed as Chair of the Board.

Members in the above categories will only be appointed to the Board by the **full Council** if they meet the knowledge and understanding requirements set out in the

relevant regulations and guidance, and as set out in Section 5 below.

Process

- a) Two employer representatives shall be nominated by Lancashire County Council. The nomination of a county councillor or officer shall comply with the requirements of the relevant regulations in relation to avoidance of conflict with the County Council's role as Administering Authority.
- b) One employer representative to be drawn from the Unitary, City, and Borough Councils and the Police and Fire bodies which are employers within the Fund.
- c) One employer representative to be drawn from all other employers within the Fund.
- d) Four scheme member representatives to be drawn from the membership of the Fund.

Employers within the Fund shall be notified of any vacancies arising under categories b) and c) above. Any nominations shall be submitted to the county council's Director of Corporate Services.

A vacancy arising under category d) shall be brought to the attention of employer and member representative bodies to enable the vacancy to be advertised as widely as possible. This will include details of the vacancy being published on websites as appropriate. Scheme members shall submit expressions of interest to the county council's Director of Corporate Services.

All nominations and expressions of interest submitted under categories b), c) and d) would go through an initial sifting process by the Head of the Pension Fund in consultation with the Chair of the Lancashire Local Pension Board. Nominations and expressions of interest would be considered against the role profile and having regard to equal opportunities legislation. In the event that more than one suitable candidate is identified, there will be a formal interview process involving the Chair and two other members of the Board. The interview process would test the ability of the individual to meet the requirements of the role and any recommended appointment would be made on merit.

Once a suitable representative has been identified they would need to be formally appointed to the Board by the Full Council.

- e) One independent member selected and appointed by the county council as the Administering Authority.

This person shall not be a member of the Fund. Such appointment will only be made following an openly advertised competition for the role. Interviews will be arranged and conducted as necessary by the Head of the Pension Fund who shall make a recommendation to the Pension Fund Committee for consideration who will then refer the matter to the Full Council for a decision as appropriate.

3. Term of office and removal of members of the Board

- a) The Independent Chair of the Pension Board shall be appointed by the Full Council for an initial 2 years with an option for the appointment to be extended for an additional 2 years.
- b) Other members of the Board will serve for an initial four year term with an option to extend for a further 4 years, subject to the approval of the Full Council. Other than as a result of retirement at the expiry of this period the term of office of a member of the Board will come to an end:
 - i) For employer representatives who are councillors if they
 - cease to hold office as a councillor,
 - are appointed to serve on the Pension Fund Committee,
 - are replaced in accordance with the change of membership procedure adopted by the County Council, or
 - are removed by a resolution of the Full Council.
 - ii) For employer representatives who are not councillors when they cease to be employed by the employing body where they were employed on appointment;
 - iii) For a scheme member or employer representative if they are appointed to a role with responsibility for the management or administration of the Fund.
 - iv) For scheme member representatives if they cease to be a member of the Fund.
 - v) Where there is a conflict of interest which cannot be managed in accordance with the Conflict of Interests Policy.
 - vi) Where an individual fails to attend meetings, undertake training or otherwise comply with the requirements of being a member of the Pension Board.
- c) Each Board member should endeavor to and is expected to attend all Board meetings during the year. Given the nature of the Board as a supervisory body and the need for appropriate knowledge and skills and the clear avoidance of conflicts of interest substitute members are not permitted.
- d) Other than by ceasing to be eligible as set out above, a Board member (including the independent member) may only be removed from office during a term of appointment by the consent of the Full Council

4. Code of Conduct and Conflict of Interests Policy for Board Members, Officers and Advisors

The role of the Pension Board requires the highest standards of conduct and

therefore the “seven principles of public life” will be applied to all Board members and embodied in their Code of Conduct as approved by the Board and published on the Local Pension Fund Website.

5. Knowledge and Understanding

- a) A member of the Board must be conversant with:
 - i) The legislation and associated guidance of the LGPS.
 - ii) Any document recording policy about the administration of the LGPS which is for the time being adopted by the Fund.
- b) A member of the Board must have knowledge and understanding of:
 - i) The law relating to pensions, and
 - ii) Any other matters which are prescribed in regulations.
- c) It is for individual Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.

In line with this requirement Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. A record of the training Board members have undertaken will be presented to the Board on an annual basis

- d) Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.
- e) Board members will comply with the Training Policy approved by the Pension Fund Committee.

6. Role of the Chair

- a) To ensure that the Board delivers its purpose as set out in these Terms of Reference.
- b) To ensure that Board meetings are productive and effective and that all members of the Board have an opportunity to contribute to discussions.
- c) To seek to ensure that the Board reach consensus when making decisions and to put decisions to a vote when it cannot be reached.
- d) To facilitate the Annual Review of the effectiveness of the operation of the Board over the previous year and draft a report on the findings for inclusion in the Annual Report of the Fund.

7. Quorum

- a) For the Board to be quorate the Chair and at least 2 employer representatives and 2 scheme member representatives must be present.
- b) In the event that the Board is inquorate the meeting may continue but any decisions will be non binding until they can be ratified by the Board.

8. Decision making

Employer/members representatives on the Board will have an individual voting right but it is expected the Board will, as far as possible, reach a consensus. Under Regulation 106(7) of the LGPS Regulations 2013 the Chair is explicitly excluded from having the right to vote.

Written resolution procedure - Should the Board need to take a decision between scheduled meetings then all Employer/Scheme Member representatives on the Board shall be consulted by email on the proposal and asked to indicate whether or not they support the recommendation. The Chair will receive a copy of the written resolution for their information. The decision of the Board will then be based on a simple majority of the responses received and will be reported to the subsequent Board meeting.

9. Board Meetings – Notice, Minutes and Reporting

- a) The Director of Corporate Services shall give notice to all Board members of every meeting of the Board, and shall ensure that papers are published on the Lancashire County Pension Fund Website at least 5 working days prior to each meeting.
- b) The Director of Corporate Services shall ensure that a formal record of Board proceedings is maintained. Subsequent to each meeting the Chair will be asked to approve the minutes for publication and circulation to all members of the Board.
- c) The Board in considering items of business at its ordinary meetings shall in relation to each item consider whether it wishes to make a recommendation to the Pension Fund Committee with the response of the Committee being reported to the subsequent Board meeting.
- d) The Pension Board shall produce an **Annual Report** on the nature and effect of its activities for consideration by the Pension Fund Committee. The contents of this Annual Report will be subject to consideration and agreement at a meeting of the Board, but should include, inter alia:
 - i) Details of the attendance of members at Board meetings;
 - ii) Details of the training and development activities provided for members of the Board and attendance at such activities;
 - iii) Details of any recommendations made by the Board to the Pension Fund Committee and the response of the Committee to those recommendations.

- iv) Details of the costs incurred in the operation of the Board.
- v) A statement by the Chair on the findings of the Annual Review of the effectiveness of the Board.

If approved by the Committee the Annual Report of the Board will be incorporated into the Annual Report of the Fund and submitted to the full Council for approval.

- e) If considered appropriate the Board may establish Sub Groups to look in detail at specific issues and report back to the Board.

10. Publication of Pension Board information

Scheme members and other interested parties will want to know that the Fund is being efficiently and effectively managed. They will also want to be confident that the Board is properly constituted, trained and competent in order to comply with scheme regulations, the governance and administration of the scheme and requirements of the Pension Regulator.

The Board will ensure that up to date information is posted on the Lancashire County Pension Fund website showing

- The names, contact details and other relevant information about the Pension Board members;
- The responsibilities of the Pension Board as a whole;
- The full Terms of Reference and policies of the Pension Board and how they operate;
- Any specific roles and responsibilities of individual Pension Board members.

The Pension Fund Committee will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

11. Budget

- a) The Board is to be provided with adequate resources to fulfil its role. In doing so the budget for the Board shall be met from the Lancashire County Pension Fund.
- b) The Pension Fund Committee shall approve an annual budget for the Board which will be managed by and at the discretion of the Head of Fund.

12. Reimbursement of Travel and Subsistence Expenses and Remuneration.

- a) All Board members shall, on the production of relevant receipts be reimbursed for travel and subsistence expenses they have actually and necessarily incurred in the conduct of their duties as a member of the Board, including attendance at relevant training and development activities.

- b) Board members shall be reimbursed a mileage allowance for use of their own car at the rate proscribed by HM Revenues and Customs from time to time as adopted by Lancashire County Council.
- c) Where members of the Board are in employment their employer will be able to reclaim from the Lancashire County Pension Fund a sum equivalent to salary, employers' national insurance contributions and employers' pension contributions, in respect of time spent by the individual in fulfilling their duties as a member of the Board, including attendance at relevant training and development activities. Where any applicable sums and contributions are claimed by an employer, costs must actually have been incurred by the employer and evidence must be provided with any claim.

Members of the Board may be able to reclaim from the Lancashire County Pension Fund a sum in financial loss commensurate to time spent by the individual in fulfilling their duties as a member of the Board, including attendance at relevant training and development activities, except where such sums are recoverable under any other paragraph of these terms of reference. Where any applicable sums are claimed by an individual evidence must be provided with the claim. The Head of Fund will have absolute discretion to determine the final sum reimbursed based on what is deemed sufficiently evidenced, reasonable and proportionate, to be assessed on a case by case basis.

- d) In accordance with the decision of the Full Council on 28 February 2019, the Chair of the Board shall receive a fixed annual allowance of £12,500 (in addition to travel and subsistence expenses) to be inflated in April each year by the Consumer Price Index for the previous September. The payment of the annual allowance will be split 50:50 between the Lancashire County Pension Fund and the London Pensions Fund Authority.

13. Advisers to the Board

- a) The Board may be supported in its role and responsibilities through the appointment of advisers, in addition to the County Council's officers and the Fund's various advisers and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties.
- b) The Board shall ensure that the performance of any advisers so appointed is reviewed on a regular basis.

14. Reporting Breaches

Any breach brought to the attention of the Board, whether potential or actual, shall be dealt with in accordance with the procedure set out in a separate [policy](#)

Note

Administering Authority	Is the Full Council of Lancashire County Council as set out in Part I of Schedule 3 of the Local Government Scheme Regulations 2013
Scheme Manager	Is the Pension Fund Committee (Full Council having delegated powers to the Committee as set out in the County Councils Constitution).
Pension Board or Board	Is the local Pension Board for the Lancashire County Council as Administering Authority for the Lancashire County Pension Fund as required under the Public Service Pensions Act 2013
Chair	The individual responsible for chairing meetings of the Lancashire Local Pension Board and guiding its debates.
LGPS or Scheme	Means the Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009
Fund	Means the Lancashire County Pension Fund

Lancashire Local Pension Board

Meeting to be held on Tuesday, 14 July 2020

Electoral Division affected:
(All Divisions);

Regulatory Update

Contact for further information:

Colin Smith, 01772 534826, Technical Advisor, Lancashire County Pension Fund,
Colin.Smith@lancashire.gov.uk

Executive Summary

This report sets out an update on various pension related regulatory issues to assist Board members to exercise their functions as a member of the Pension Board effectively.

Recommendation

The Board is asked to consider and note the contents of the report.

Background and Advice

1. McCloud Update

The McCloud remedy discussions with the Ministry of Housing, Communities and the Local Government and the Scheme Advisory Board continue and it is expected that an LGPS consultation on the revisions required to our scheme regulations will be issued early in July.

In preparation a number of subgroups have been set up by the Ministry of Housing, Communities and the Local Government and the Scheme Advisory Board, producing templates for administering authorities to use with scheme employers in terms of data collection and communications. Additionally these groups are also working with software suppliers to produce a process map for implementing the changes once the details set out in the consultation are known.

2. 2019 LGPS annual scheme report

On 22 May 2020, Councillor Roger Phillips (Chair of the Scheme Advisory Board) launched the 2019 LGPS England and Wales annual scheme report. Highlights from the report include:

- total membership increasing from 5.8 million in 2018 to 5.9 million in 2019, a rise of 0.6 percent
- total assets increasing to £291 billion, a change of 5.9 percent
- local authority returns on investment over 2018/2019 was 6.6 percent. This was reflective of the market conditions during the year and set against the UK Return of 6.4 percent
- the Scheme maintained a positive cash-flow position overall, including investment income
- over 1.7 million pensioners were paid over the year

Full details of the report can be accessed from the following link:

<http://www.lgpsboard.org/index.php/schemedata/scheme-annual-report>

3. Actuarial guidance notes

Over the past six months a number of actuarial guidance notes used in the calculation of LGPS benefits have been reviewed, covering a range of topics. Full details are not yet known, but a lot of the revisions are reported to be cosmetic although some do involve calculation changes. It is intended that the revised guidance will be rolled out over the next few months. However, the Ministry of Housing, Communities and the Local Government have confirmed that any actuarial guidance involving calculation amendments rather than amendments to existing actuarial factors, would not be issued until much later in the year.

4. Consultation on Reform to Retail Prices Index Methodology

The Government and the UK Statistics Authority had launched a consultation on the Reform to Retail Prices Index (RPI) methodology. The consultation period has been extended by four months because of the pandemic and the consultation will now close on 21 August 2020

Any proposed changes will likely take effect at a future point in time, possibly around 2030. However these announcements do have an effect on the markets forward view of RPI inflation, which the actuary uses to derive an assumption for Consumer Price Index inflation, which the Fund uses to consider the ongoing and termination funding assumptions.

As such we are currently working with the Scheme Actuary to determine what changes we may need to introduce into the Fund's Admission and termination policy for Scheme Employers.

5. New guidance on avoiding pension scams

The Pension Regulator has updated its guidance for avoiding pension scams. The guidance confirms that they cannot prevent a member pursuing their statutory right to transfer and cannot permit administering authorities to prevent a transfer to which a statutory right applies. However, where administering authorities show evidence that the transfer doesn't meet legal requirements, then The Pension Regulator will consider this when deciding whether to act due to the non-payment of a transfer. The wording reflects the legal position on statutory transfers.

6. Parental Bereavement Leave and Pay

On 30 March 2020, the Parental Bereavement Leave and Pay (Consequential Amendments to Subordinate Legislation) Regulations 2020 were made. The regulations introduce changes to the LGPS Regulations 2013 from 6 April 2020. It confirms that Assumed Pensionable Pay will apply during a paid period of parental bereavement leave. If a period of parental bereavement leave is unpaid, the LGPS rules covering unpaid absence with permission will apply.

7. The LGPS (Amendment) Regulations 2020 – exit credits

These regulations give effect to the proposal contained in the local valuation cycle and the management of employer risk consultation, to allow administering authorities to take account of an employer's exposure to risk when calculating an exit credit.

The LGPS regulations are now amended so that:

- administering authorities may determine the amount of any exit credit payment due, having regard to any relevant considerations
- the period within which an exit credit must be paid is increased from three months to six months
- administering authorities will not be obliged to enquire into the precise risk sharing arrangement adopted
- any exit credits that have not been paid shall only be due if the administering authority exercises its discretion to pay them
- any exit credits that have already been paid shall be treated as if the administering authority exercised its discretion to pay that amount – an administering authority may not seek to change the amount paid
- the Pensions Ombudsman has jurisdiction to hear complaints if any dispute is not resolved using the internal dispute resolution process
- administering authorities should set out their exit credit policy in their Funding Strategy Statement

The Fund is currently working with the Scheme Actuary to look at any amendments required to the Funding Strategy Statement and Admissions and Termination policy.

8. Employee Contribution Rates

The table below sets out the contribution bands, which are now effective from 1 April 2020. These are based on the pay bands for 2019/20 as increased by the September 2019 CPI figure of 1.7%, with the result rounded down to the nearest £100.

Band	Salary Range	MAIN Section Contribution %	50/50 Section Contribution %
1	£0 to £14,600	5.5%	2.75%

2	£14,601 to £22,800	5.8%	2.9%
3	£22,801 to £37,100	6.5%	3.25%
4	£37,101 to £46,900	6.8%	3.4%
5	£46,901 to £65,600	8.5%	4.25%
6	£65,601 to £93,000	9.9%	4.95%
7	£93,001 to £109,500	10.5%	5.25%
8	£109,501 to £164,200	11.4%	5.7%
9	£164,201 or more	12.5%	6.25%

9. Annual Pensions Increase

The Office for National Statistics announced that the Consumer Price Index rate of inflation for the year to September 2019 was 1.7%. As such this was confirmed as the percentage to be used to increase pensions from 06 April 2020.

10. Spring Budget

On 11 March 2020, the Chancellor of the Exchequer presented his Budget. He announced changes to the following allowances:

Tapered annual allowance

From 6 April 2020, both threshold income and adjusted income increased by £90,000 to £200,000 and £240,000 respectively. In addition, the minimum tapered annual allowance decreased from £10,000 to £4,000.

Lifetime allowance

The allowance has been increased in line with the consumer price index to £1,073,100 with effect from 6 April 2020.

As highlighted in previous updates the 'Pensions Made Simple' member videos were launched by the Local Government Association in November 2019, and 'Your annual allowance' and 'Your lifetime allowance' videos have been updated to reflect the new limits highlighted above. They can be accessed from the following link:

<https://www.lgpsmember.org/more/Videos.php>

11. LGPS employer webinars

During May 2020, the Local Government Association delivered eight COVID-19 employer webinars across the UK. The webinars covered pension issues that have arisen due to the coronavirus pandemic. A recording of the webinar can be viewed using the link below:

<http://lgpslibrary.org/assets/LGPS%20Employer%20Coronavirus%20Webinar%20recording%2019%20May%202020%20AM.mp4>

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified

Local Government (Access to Information) Act 1985 List of Background Papers

N/A

Reason for inclusion in Part II, if appropriate

N/A

Lancashire Local Pension Board

Meeting to be held on Tuesday, 14 July 2020

Electoral Division affected:
(All Divisions);

Appeals Update

Contact for further information: Colin Smith, 01772 534826, Technical Advisor,
Lancashire County Pension Fund, Colin.Smith@lancashire.gov.uk

Executive Summary

This report provides an update and broad analysis of appeals received under the Internal Disputes Resolution Procedure for the period 1st January 2020 to 30th June 2020.

Recommendation

The Board is asked to consider and note the contents of the report.

Background and Advice

The Scheme's rules set out a formal procedure to resolve disagreements. This is called the Internal Dispute Resolution Procedure (the Procedure). Specifically the rules for the appeal process are set out in the Local Government Pension Scheme Regulations 2013 within regulations 72 to 79.

The Procedure has 2 stages. Stage 1 is dealt with by the body who made the initial decision (or omission of a decision) that is in dispute. This will normally either be the scheme employer or the pension administrators.

If the disagreement is not resolved at stage 1, the individual can refer it to the Pension Fund for a decision at stage 2. The nominated Appeals Officer for reviewing stage 2 appeals is Abigail Leech, the Head of the Pension Fund.

Overview of stage 1

The right to make a stage 1 complaint is time limited. Generally, the applicant has 6 months from the decision under dispute. The employer will nominate a person to determine stage 1 complaints known as the adjudicator. The adjudicator should provide their written decision within 2 months (although if there are specific reasons to do so they could send a letter extending and revising this deadline).

Overview of stage 2

The applicant can ask the pension fund to take a fresh look at their complaint if they are not satisfied with the adjudicator's stage 1 decision, or the applicant has not received the stage 1 decision letter within certain deadlines. The decision at stage 2 must be given within 2 months (although again if there are specific reasons to do so a letter can be sent extending and revising this deadline). If the applicant is still unhappy following the stage 2 decision, they can take their case to The Pensions Ombudsman for a formal determination provided they do so within 3 years of the event that gave rise to the initial complaint.

Analysis of appeals 01 January 2020 to 30 June 2020

Stage 1 cases

Type of Case	Total	Breakdown
Received	20	8 - Ill-health 4 - combining/aggregation of service 2 - Death benefits 1 - Member data/Additional pension contributions 1 - Transfer 1 - Re-employment 1 - Retirement benefits 1 - Co-habiting partners benefits 1 - Refund of contributions
Upheld	1	1 - Combining/aggregation of service
Dismissed	12	6 - Ill-health 1 - Transfer 1 - Re-employment 1 - Co-habiting partner benefits 1 - Combining/aggregation of service 1 - Refund 1 - Retirement benefits
Outstanding	7	-

Stage 2 cases

Type of Case	Total	Breakdown
Carried forward from previous period	5	5 - Ill-health
Received	7	3 - Ill-health 1 - Member data/Additional pension contributions 1 - Child benefit 1 - Re-employment 1 - AVC transfer payment
Upheld	5	5 - Ill health
Dismissed	5	3 - Ill-health 1 - Member data/Additional pension contributions 1 - AVC transfer payment
Outstanding	2	-

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified

**Local Government (Access to Information) Act 1985
List of Background Papers**

N/A

Reason for inclusion in Part II, if appropriate

N/A

Lancashire Local Pension Board

Meeting to be held on Tuesday, 14 July 2020

Electoral Division affected:
(All Divisions);

Lancashire County Pension Fund Breaches Log

Contact for further information: Mukhtar Master, 01772 532018, Governance & Risk Officer, Mukhtar.Master@lancashire.gov.uk

Executive Summary

This report provides the Board with a summary of the Lancashire County Pension Fund Breaches Log for the period 1st April 2020 to the 30th June 2020.

The report provides breach information for contributions, data and, administration breaches. Data and administration breaches are provided by the Local Pensions Partnership Administration (LPPA).

Recommendation

The Board are asked to note the content of this report.

Background and Advice

The Lancashire County Pension Fund has policy and procedures in place to effectively record and, if necessary, report breaches to the Pension Regulator.

Practical guidance in relation to the legal requirements are set out in the Pension Regulator's Code of Practice 14.

Code of Practice 14 covers areas such as:

- Governing your scheme;
- Managing Risks;
- Administration;
- Resolving Issues.

The Administration section covers aspects such as:

- Scheme record keeping;
- Maintaining Contributions;
- Providing information to members.

The Lancashire County Pension Fund, in line with the breaches policy and supported by the Local Pension Partnership, have established a log to record all incidents which fall outside of the requirements of Code of Practice 14.

Contribution Breaches:

In the period April to June 2020 (June contributions have not been collected at the time of writing this report) there have been no breach in contribution payments.

The breach in quarter 4 (Jan-Mar 2020) relates to an existing employer who briefly had no members paying into the scheme and upon a new employee joining, no longer had a direct debit mandate in place. Steps have been taken with the employer to ensure the details are set up for the March contribution collection process. The monetary value of the breach represents 0.01% of the total value of contributions received for the period to date.

There were a number of incidents recorded in the period which have resulted in corrective action being taken. A total of 61 employers failed to submit contribution figures for Q4 and 41 for Q1*. They have all been contacted in accordance with the Stage 2 escalation procedures, which ensure that all incidents are corrected swiftly. For Q4, the number of employers which failed to submit contributions represents 6.09% of the total submissions, in monetary values this equates to 0.54% of the total contributions received during the period and for Q1* this represents 6.05% and 0.83% respectively.

	Q2 Jul-Sep 19	Q3 Oct-Dec 19	Q4 Jan-Mar 20	Q1* Apr-Jun 20
Incidents	28	49	61	41
Breach	1	1	1	0

* Incomplete – only includes 2 months data.

Data Breaches:

For the period 1st April 2020 to the 30th June 2020 there were two data breaches, which is a 33% reduction from last quarter. The two data breaches were as follows:

- April - Data Breach as a result of an ill health retirement form being submitted containing incorrect address;
- June - Data Breach as a result of 2 Member records being mixed up and information issued to incorrect member address.

All data breaches are managed through the Information Governance Team of Lancashire County Council who deemed them not significant enough to warrant reporting to the Information Commissioner.

Summary Table:

	Q1 19/20	Q2 19/20	Q3 19/20	Q4 19/20	Q1 20/21
Data Breaches	1	0	6	3	2

Administration Breaches:

Local Pensions Partnership Administration have recently developed new systems and processes to assess, log, report and address all breaches related to the administration service which they provide. COP 14 breaches were previously reported as part of their annual report. The system now provides breach information broken down by Code of Practice 14 (COP14) breaches and by operational process breaches by the Local Pension Partnership Administration.

There were a total of 7 breaches – six COP14 breaches and one process breach:

	COP 14 Breach	LPPA PROCESS BREACH	TOTAL
April	4	0	4
May	1	0	1
June	1	1	2
Total	6	1	7

- April COP14 Breaches - 2 x payroll errors; 1 x pension strain; and 1 x Internal Dispute Resolution Procedure;
- May COP14 Breach - incorrect Lifetime Allowance value held in Altair between 5th and 14th April when corrected;
- June COP14 Breach - Unable to provide benefit quote on Divorce in regulatory timescales as information awaited from Employer;
- June Process Breach - Indemnity Form for a deceased member inadvertently attached to correspondence to another member

None of the breaches were material or worthy of reporting to the regulator. Corrective action was implemented as soon as the breaches came to light to minimise or prevent future recurrence.

Consultations

The Local Pensions Partnership was consulted with regards to administration and data breaches.

Implications:

This item has the following implications, as indicated:

Risk management

The Lancashire Local Pension Board provide scrutiny and support to the Pension Fund Committee, in relation to their responsibility to ensure there is effective compliance with the Pension Regulators' Code of Practice 14 – Governance and administration of public service pension schemes.

Local Government (Access to Information) Act 1985**List of Background Papers**

Paper	Date	Contact/Tel
Code of Practice 14 - Governance and administration of public service pension schemes	April 2015	Mukhtar Master 01772 532018

Reason for inclusion in Part II, if appropriate.
N/A

Lancashire Local Pension Board

Meeting to be held on Tuesday, 14 July 2020

Electoral Division affected:
(All Divisions);

UK Stewardship Code Compliance

Contact for further information: Mukhtar Master, 01772 532018, Governance & Risk Officer, Mukhtar.Master@lancashire.gov.uk

Executive Summary

The Fund is committed to being a long term responsible investor and both complies with and follows the principles of the UK Stewardship Code and the UN-backed Principles of Responsible Investment.

This report reviews the current arrangements for Lancashire County Pension Fund's compliance of the UK Stewardship Code, with particular reference to the new revised UK Stewardship Code (2020), which came into force from January 2020.

Recommendation

The Board are asked to note the content of this report.

Background and Advice

Ultimate responsibility for the stewardship of the Pension Fund resides with Lancashire County Council as an Administering Authority, but pooling has involved delegating day to day decision-making and activities to Local Pension Partnership Investments (LPPI) which implement stewardship in practice. As a result, responsibility for the practical implementation of the Fund's approach to RI is devolved to the LPPI as the Fund's provider of investment management services.

Environmental Social and Corporate Governance (ESG) integration and the active use of ownership influence are integral to the investment management services provided by LPPI, which are delivered in accordance with an LPPI Responsible Investment Policy. It is an LPPI RI belief that ESG factors are relevant at every stage in the investment cycle - within investment strategy, investment selection and within the stewardship of assets in ownership. As part of a prudent approach which applies care, skill and diligence LPPI procedures ensure that ESG issues are routinely considered as part investment analysis, are incorporated into the due diligence leading to investment selection and continue to be monitored and reviewed as part of the active ownership of assets under management.

UK Stewardship Code (2020):

In October 2019 the Financial Reporting Council published the updated UK Stewardship Code (2020) which came into force from January 2020. A copy of the Code can be seen at: https://www.frc.org.uk/getattachment/5aae591d-d9d3-4cf4-814a-d14e156a1d87/Stewardship-Code_Dec-19-Final-Corrected.pdf

The Code comprises a set of 'apply and explain' principles for asset managers and asset owners (moving discernibly forward from the prior Code's comply or explain format) and sets a very high benchmark for potential signatories, requiring them to comply with 12 Principles and disclose on their actions and outcomes against these each year.

It is no longer sufficient to report the fact that appropriate policies and approaches are in place; the new Code requires up to date evidence of activity. This reflects the Financial Reporting Council's intention that the Code will be a basis for differentiating true stewardship best practice. Asset owners and asset managers who wish to be in the first cohort of prospective signatories assessed by the FRC had to submit their applications and detailed reporting between January and March 2021.

Current Position:

As a signatory to the previous Stewardship Code (2012) the Fund will continue to be listed as a signatory until the beginning of 2021, at which point it will either need to submit reporting and be assessed against the new Code or will cease to be listed as a Code signatory.

It is not currently a requirement for LGPS Funds to be Stewardship Code signatories. The requirement (conferred under DCLG Guidance on Preparing and Maintaining an Investment Strategy Statement) is for Administering Authorities to "explain their policy on stewardship with reference to the Stewardship Code". This can be achieved without being a signatory so long as there is adequate disclosure about how the fund is aligned with the Code, something that can be explained through placing reliance on the policies and procedures in operation by LPPI.

The Pension Fund Committee on the 6th March 2020 agreed 'That the Fund does not become a signatory to the new UK Stewardship Code (2020) and instead recognise that the regulatory and stewardship requirements are met through the Local Pensions Partnership Investments being a signatory.'

Going Forward:

LPPI will be submitting reporting to the FRC during summer 2021 to become a signatory to the new Stewardship Code (2020). This disclosure would provide the basis upon which the fund could explain that its own compliance with the Code is through the stewardship activities of its provider, namely LPPI.

Additionally, and in line with code guidance, the Fund would continue with appropriate stewardship oversight, by receiving information on RI, investment decision-making, portfolio monitoring the actions of service providers, appropriate

engagement, collaborating with others and exercising ownership rights and responsibilities.

The fund has a Responsible Investment policy which sets out both priority areas and how they will be achieved. Effective stewardship is a fundamental part of the fund's responsible investment priorities. To this effect the fund will work closely with LPPI to learn from their experience of being a signatory of the revised stewardship code and determine at a future point (with information on the path taken by other LGPS funds) whether there was merit in being a signatory also.

Consultations

Frances Deakin the Head of Responsible Investment at the Local Pensions Partnership was consulted regarding this report.

Implications:

This item has the following implications, as indicated:

Risk management

It is an important component of good governance that the Fund is an engaged and responsible investor committed to actions which are in the best long term interests of fund members and beneficiaries.

The monitoring of investee companies and the promotion of good corporate governance practices can help to reduce the risk of unexpected losses arising as a result of poor over-sight and lack of independence.

Responsible investment practices underpin the fulfilment of the Funds fiduciary responsibilities to Fund beneficiaries and are implemented in practice through the advisory and investment management services provided by Local Pensions Partnership Investments.

Quarterly Reports provide information to the Pension Fund Committee on the stewardship of the Fund's assets by Local Pensions Partnership Investments and enable the Committee to monitor the activities undertaken.

Involvement in a non-US type of "class action" may result in the recovery of losses incurred by the Fund but, should the claim be lost, the Fund may incur related costs which may not be known with certainty at the time of filing.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
N/A		
Reason for inclusion in Part II, if appropriate.		
N/A		

Lancashire Local Pension Board

Meeting to be held on Tuesday, 14 July 2020

Electoral Division affected:
None;

Feedback from members of the Board on pension related training and the 2019/20 Training Record.

(Appendix 'A' refers)

Contact for further information: Mike Neville, Tel: (01772) 533431, Senior Democratic Services Officer, mike.neville@lancashire.gov.uk

Executive Summary

This report relates to training for members of the Board since the last meeting and gives individuals an opportunity to provide feedback on their experience. A copy of the Training record for 2019/20 is also attached for information.

Recommendation

Individual members of the Board are asked to provide feedback on their experience of the training referred to in the report and note the 2019/20 Training Record set out at Appendix 'A'.

Background and Advice

On the 29th March 2019 the Pension Fund Committee agreed a revised Training Policy which set out the approach to supporting the learning/development needs of individuals with responsibility for the strategic direction, governance and oversight of the Lancashire County Pension Fund through their membership of either the Committee or the Lancashire Local Pension Board.

Below is a list of pension related external conferences/events or internal workshops which members of the Board have attended since the last meeting. Individual Board members are invited to provide feedback on their experiences at the meeting.

19th March 2020 SPS Local Authorities Pension Fund issues Conference - Ms D Parker was due to attend the Conference but it was cancelled due to the Covid-19 pandemic. The Conference has been rescheduled for the 12th November 2020 and further details are awaited.

24th June 2020 LGPS Local Pension Board Members' Annual Event – W Bourne and C Gibson took part in the webinar hosted by Barnett Waddingham LLP.

7th July 2020 Workshop on Asset Safety and Cyber Security. This workshop was due to be held in May but was cancelled due to the Covid-19 outbreak. W Bourne, County Councillor Salter, Ms K Haigh, Ms Y Moulton, K Wallbank and Ms D Parker all attended the online workshop with Mr R Smith, the Relationship Manager from Northern Trust.

Training Record 2019/20

A copy of the Training Record for is attached at **Appendix 'A'** for information. The Record would have been presented to the meeting in April but the Board was cancelled due to the Covid-19 outbreak.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

Without the required knowledge and skills the members of the Board may be ill equipped to consider issues and make informed decisions regarding the direction and operation of the Lancashire County Pension Fund.

Financial

Any attendance fee, travel or accommodation costs associated with external training are met from the Pension Board budget, which is funded by the Lancashire County Pension Fund.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
N/A		

Reason for inclusion in Part II, if appropriate
N/A

Lancashire Local Pension Board - Training Record for 2019/20

Date	Event/Conference/Workshop/Online	Venue	Provider	Date reported to Board
William Bourne (Independent Chair)				
July 2019	Investment and LGPS issues Conference	Watford	LAPFF	N/A
15 Oct 2019	Pre Board briefing – data recording and reporting breaches of the Law	County Hall, Preston	M Master	N/A
Oct 2019	Briefing on LGPS valuations	London	Barnett Waddington	N/A
Nov 2019	Room 151 LGPS Investment issued Conference	London		N/A
27 Nov 2019	2019 LGPS Indaba	London	Mallowstreet	N/A
Feb 2020	Local Pension Board Spring Seminar	London	CIPFA Barnett Waddington	N/A
County Councillor Peter Britcliffe (Employer Representative – Lancashire County Council) appt 12th July 2019				
15 Oct 2019	Pre Board briefing – data recording and reporting breaches of the Law	County Hall, Preston	M Master	N/A
Tony Pounder (Employer Representative – Lancashire County Council)				
15 May 2019	Workshop on Employer Covenant Risk and Emerging Issues	County Hall, Preston.	T Williams, LPP	9 July 2019
15 Oct 2019	Pre Board briefing – data recording and reporting breaches of the Law	County Hall, Preston	M Master	N/A
17 Oct 2019	'Fundamental' training programme	Marriott Hotel, Leeds	Local Govt Assoc	14 Jan 2020
14 Nov 2019	'Fundamental' training programme	Marriott Hotel, Leeds	Local Govt Assoc	14 Jan 2020
5 Dec 2019	'Fundamental' training programme	Marriott Hotel, Leeds	Local Govt Assoc	14 Jan 2020
Steve Thompson (Employer Representative – Unitary, City, Borough Councils , Police & Fire)				
7 June 2019	Workshop on Responsible Investment update (from 23 rd January – viewed online)	County Hall, Preston	F Deakin LPP	9 July 2019
7 June 2019	Online Module 1 - Conflict of interest	Public Service Toolkit	TPR	9 July 2019
7 June 2019	Online Module 2 - Managing risk and internal controls	Public Service Toolkit	TPR	9 July 2019
7 June 2019	Online Module 3 - Maintaining accurate member data	Public Service Toolkit	TPR	9 July 2019
5 July 2019	Online Module 4 - Maintaining member contributions	Public Service Toolkit	TPR	9 July 2019

5 July 2019	Online Module 5 - Providing information to members and others	Public Service Toolkit	TPR	9 July 2019
2 Oct 2019	Online Module 6 - Resolving internal disputes.	Public Service Toolkit	TPR	15 Oct 2019
2 Oct 2019	Online Module 7 - Reporting breaches of the law.	Public Service Toolkit	TPR	15 Oct 2019
15 Oct 2019	Pre Board briefing – data recording and reporting breaches of the Law	County Hall, Preston	M Master	N/A
Carl Gibson (Employer Representative – Other Employers)				
15 May 2019	Workshop on Employer Covenant Risk and Emerging Issues	County Hall, Preston.	T Williams, LPP	9 July 2019
15 Oct 2019	Pre Board briefing – data recording and reporting breaches of the Law	County Hall, Preston	M Master	N/A
17 Feb 2020	LGPS Local Pension Board Members Spring Seminar	Leeds	CIPFA & Barnett Waddingham	14 July 2020
18 Mar 2020 CANCELLED	UCEA Annual Higher Education Pensions Conference	London	UCEA	14 July 2020
Kathryn Haigh (Scheme Member Representative)				
2 April 2019	Workshop on the LPP pension administration service Service Improvement Plan	County Hall, Preston	R Blundell, LPP	30 Apr 2019
15 Apr 2019	Online Module 4 - Maintaining member contributions	Public Service Toolkit	TPR	30 Apr 2019
1 July 2019	Online Module 6 - Resolving internal disputes	Public Service Toolkit	TPR	9 July 2019
11 Sept 2019	Workshop – LCPF Risk Framework	County Hall, Preston	M West LPP	15 Oct 2019
15 Oct 2019	Pre Board briefing – data recording and reporting breaches of the Law	County Hall, Preston	M Master	N/A
5 th Nov 2020	Workshop on the role of LAPFF – Climate Change and lobbying	County Hall, Preston	K Bray LAPFF. T Younger T Powdrill PIRC	14 Jan 2020
22 Jan 2020	Workshop on the role of The Pensions Regulator	County Hall, Preston	A Nichols, TPR	14 July 2020
23 Jan 2020	Annual LGPS Governance Conference	Principal Hotel, York	Local Govt Assoc	14 July 2020
7 Feb 2020	Workshop on Local Pension Partnership Budget	County Hall, Preston	A Taylor, LPP	14 July 2020
11 Mar 2020	Workshop on the Local Pension Partnership Governance Charter 2020	County Hall, Preston	G Smith LPP	14 July 2020
Yvonne Moul (Scheme Member Representative)				
2 April 2019	Workshop on the LPP pension administration service Service Improvement Plan	County Hall, Preston	R Blundell, LPP	30 Apr 2019

15 May 2019	Workshop on Employer Covenant Risk and Emerging Issues	County Hall, Preston.	T Williams, LPP	9 July 2019
11 Sept 2019	Workshop – LCPF Risk Framework	County Hall, Preston	M West LPP	15 Oct 2019
15 Oct 2019	Pre Board briefing – data recording and reporting breaches of the Law.	County Hall, Preston	M Master	N/A
15 Nov 2019	YPS Practitioners Conference	Hallmark Hotel, Leyland	LPP	14 Jan 2020
22 Jan 2020	Workshop on the role of The Pensions Regulator	County Hall, Preston	A Nichols, TPR	14 July 2020
23 Jan 2020	Annual LGPS Governance Conference	Principal Hotel, York	Local Govt Assoc	14 July 2020
17 Feb 2020	LGPS Local Pension Board Members Spring Seminar	Leeds	CIPFA & Barnett Waddingham	14 July 2020
11 Mar 2020	Workshop on the Local Pension Partnership Governance Charter 2020	County Hall, Preston	G Smith LPP	14 July 2020
Keith Wallbank (Scheme Member Representative)				
2 April 2019	Workshop on the LPP pension administration service Service Improvement Plan	County Hall, Preston	R Blundell, LPP	30 Apr 2019
11 Sept 2019	Workshop – LCPF Risk Framework	County Hall, Preston	M West LPP	15 Oct 2019
15 Oct 2019	Pre Board briefing – data recording and reporting breaches of the Law	County Hall, Preston	M Master	N/A
5 th Nov 2020	Workshop on the role of LAPFF – Climate Change and lobbying	County Hall, Preston	K Bray LAPFF. T Younger/T Powdrill PIRC	14 Jan 2020
11 Mar 2020	Workshop on the Local Pension Partnership Governance Charter 2020	County Hall, Preston	G Smith LPP	14 July 2020
Deborah Parker (Scheme Member Representative)				
6 Aug 2019	Online Module 1 - Conflict of interest	Public Service Toolkit	TPR	15 Oct 2019
6 Aug 2019	Online Module 2 - Managing risk and internal controls.	Public Service Toolkit	TPR	15 Oct 2019
6 Aug 2019	Online Module 3 - Maintaining accurate member data.	Public Service Toolkit	TPR	15 Oct 2019
6 Aug 2019	Online Module 4 - Maintaining member contributions.	Public Service Toolkit	TPR	15 Oct 2019
6 Aug 2019	Online Module 5 - Providing information to members and others.	Public Service Toolkit	TPR	15 Oct 2019
6 Aug 2019	Online Module 6 - Resolving internal disputes.	Public Service Toolkit	TPR	15 Oct 2019
6 Aug 2019	Online Module 7 - Reporting breaches of the law.	Public Service Toolkit	TPR	15 Oct 2019
11 Sept 2019	Workshop – LCPF Risk Framework	County Hall, Preston	M West LPP	15 Oct 2019

15 Oct 2019	Pre Board briefing – data recording and reporting breaches of the Law	County Hall, Preston	M Master	N/A
22 Jan 2020	Workshop on the role of The Pensions Regulator	County Hall, Preston	A Nichols, TPR	14 July 2020
7 Feb 2020	Workshop on Local Pension Partnership Budget	County Hall, Preston	A Taylor, LPP	14 July 2020
11 Mar 2020	Workshop on the Local Pension Partnership Governance Charter 2020	County Hall, Preston	G Smith LPP	14 July 2020
19 Mar 2020 CANCELLED	Local Authority Pension Fund Issues Conference	Le Meridien Piccadilly, London	SPS	14 July 2020

Note - online training - Members of the Pension Board have been encouraged to complete the following modules in The Pension Regulators Public Service Toolkit:

1. Conflict of interest.
2. Managing risk and internal controls;
3. Maintaining accurate member data;
4. Maintaining member contributions;
5. Providing information to members and others;
6. Resolving internal disputes;
7. Reporting breaches of the law.

Lancashire Local Pension Board

Meeting to be held on Tuesday, 14 July 2020

Electoral Division affected: None;

Part I reports circulated to members of the Pension Fund Committee

Contact for further information:

Mike Neville, Tel: (01772) 533431, Senior Democratic Services Officer,
mike.neville@lancashire.gov.uk

Executive Summary

This report refers to the Part I reports that were circulated to members of the Pension Fund Committee for information following the cancellation of the meeting scheduled for the 19th June 2020.

Recommendation

The Board is asked to comment on the Part I reports circulated to members of the Pension Fund Committee for information.

Background and Advice

In response to the continuing Covid-19 outbreak, and with the agreement of the Chair, the Pension Fund Committee scheduled for the 19th June 2020 was cancelled and the Head of Fund deferred the following significant items (which would require a decision by the Committee) to the meeting scheduled for the 18th September 2020.

- Pension Fund annual report and accounts
- Annual governance statement 2019/20
- Year-end Budget position
- Feedback on LPP balanced scorecard results

The remaining reports (see below) which would have been presented to the Committee in June for information and did not require a specific decision were then circulated to members of the Committee by email on the 17th June 2020 with any queries to be raised with the Head of Fund and report authors.

- Minutes of the meeting held on the 6th March 2020.
- Annual Administration Report 2019/20
- Responsible Investment Report
- Internal Audit Assurance
- Pension related training events held since the last meeting
- Review of the Committee member Training Record 2019/20.
- LCPF Training Plan 2020

Members of the Pension Board were also notified when the reports were circulated and copies were available to view via the secure online Pensions Library.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

There are no significant risk management implications associated with this report

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
N/A		

Reason for inclusion in Part II, if appropriate

N/A

Agenda Item 16

(NOT FOR PUBLICATION: By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered that all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

Document is Restricted

