

## Lancashire County Council

### Lancashire Local Pension Board

Tuesday, 6th July, 2021 at 2.00 pm in Zoom Virtual Meeting - Zoom

#### Agenda

##### Part I (Open to Press and Public)

No.	Item	
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- |    |  |                 |
|----|--|-----------------|
| 1. | <b>Membership and Terms of Reference of the Board</b>                  | (Pages 1 - 4)   |
| 2. | <b>Apologies</b>   |                 |
| 3. | <b>Disclosure of Pecuniary and Non-Pecuniary Interests</b>             |                 |
| 4. | <b>Minutes of the Meetings held in April and January 2021.</b>         | (Pages 5 - 22)  |
|    | To be confirmed and signed by the Chair.                               |                 |
| 5. | <b>Lancashire County Pension Fund Breaches Report</b>                  | (Pages 23 - 26) |
| 6. | <b>Regulatory Update</b>   | (Pages 27 - 32) |
| 7. | <b>Feedback from members of the Board on pension related training.</b> | (Pages 33 - 34) |
| 8. | <b>Part I reports presented to the recent Pension Fund Committee</b>   | (Pages 35 - 36) |
| 9. | <b>Written resolution - Local Pension Board Annual Report 2020/21</b>  | (Pages 37 - 46) |

**10. 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.

**11. Date of Next Meeting**

The next scheduled meeting of the Board will be held at 2.00pm on the 19<sup>th</sup> October 2021 either virtually or at County Hall, Preston.

**12. 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)**

- |   |                   |
|---|-------------------|
| <b>13. Local Pensions Partnership Administration Update</b>                   | (Pages 47 - 96)   |
| <b>14. Local Pensions Partnership Administration - Project PACE update</b>    | (Pages 97 - 106)  |
| <b>15. Local Pensions Partnership Administration - Audit Assurance Report</b> | (Pages 107 - 136) |
| <b>16. Local Pensions Partnership Administration - Communications Update</b>  | (Pages 137 - 146) |
| <b>17. LCPF Risk Register Review Update</b>                                   | (Pages 147 - 156) |
| <b>18. Part II reports from the most recent Pension Fund Committee</b>        | (Pages 157 - 158) |

L Sales  
Director of Corporate Services

County Hall  
Preston

## Lancashire Local Pension Board

Meeting to be held on Tuesday, 6 July 2021

Electoral Division affected: None;
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### Membership and Terms of Reference of the Board

(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 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 Lancashire Local Pension Board comprises 9 members on the basis of an independent Chair, 4 Employer representatives and 4 Scheme member representatives. The current membership of the Board is as follows.

Mr W 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.

Ms D Parker - Scheme member representative.

Mr K Ellard - Scheme member representative.

The Succession Plan for the Pension Board has been updated to reflect the appointment of Mr Ellard by full Council on the 27<sup>th</sup> May 2021 for an initial period of 4 years with an option to extend for a further 4 years. A copy of the Succession Plan is attached at Appendix 'A'.

## **Terms of Reference**

A revised version of the Terms of Reference was approved by the Pension Fund Committee on the 18<sup>th</sup> September 2020 and can be viewed at Article 7 (Other Committees of the County Council) of the Lancashire County Council [Constitution](#). A copy is also set out in the Pension Board Minute Book.

In accordance with the Work Plan for the Board the current Terms of Reference are due to be reviewed in January 2022.

## **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

Lancashire Local Pension Board Succession Plan			
2021			
LLPB	Tue	19 Jan 2021	LLPB informed of the full Council decision to extend the Chairs contract up to 1 <sup>st</sup> April 2023. Scheme Member rep informs Board he is to resign with effect from 20 <sup>th</sup> January 2021. Succession Plan updated to reflect resignation
		Feb 2021	Vacancy for Scheme Member rep advertised.
Full Council	Thu	25 Feb 2021	
		2 Mar 2021	Interviews for new Scheme Member rep held. Successful candidate is offered position subject to approval by full Council on 27 <sup>th</sup> May 2021.
PFC	Fri	12 Mar 2021	
		1 Apr 2021	The Chairs initial 2-year term of appointment would have expired on this date if not extended by full Council up to 1 <sup>st</sup> April 2023.
LLPB	Tue	20 Apr 2021	New Scheme Member rep attends LLPB as an observer.
		6 May 2021	Local Government Elections.
Full Council	Thu	27 May 2021	New Scheme Member rep appointed by full Council for initial 4-year term up to 27 <sup>th</sup> May 2025 with a possible extension of further 4 years up to 27 <sup>th</sup> May 2029
PFC	Fri	18 Jun 2021	
LLPB	Tue	6 July 2021	
Full Council	Thu	15 July 2021	
		Aug 2021	
PFC	Fri	17 Sept 2021	
LLPB	Tue	12 Oct 2021	Note - initial 4-year term for Employer rep (LCC) ends on 28 <sup>th</sup> February 2022
Full Council	Thu	14 Oct 2021	
PFC	Fri	26 Nov 2021	
Full Council	Thu	16 Dec 2021	To consider and approve extension of Employer rep (LCC) by 4 years up to 28 <sup>th</sup> February 2026?
2022			
LLPB	Tue	18 Jan 2022	
		28 Feb 2022	End of Employer rep (LCC) initial 4-year term unless extended by full Council
Full Council	Thu	24 Feb 2022	
PFC	Fri	11 Mar 2022	
LLPB	Tue	19 Apr 2022	
Full Council	Thu	26 May 2022	
PFC	Fri	17 Jun 2022	
LLPB	Tue	12 July 2022	
Full Council	Thu	14 July 2022	
		Aug 2022	
		Sept 2022	Advertise position for the new LLPB Chair (as post will be vacant from 1 <sup>st</sup> April 2023). Head of Fund and current Chair to consider applications and draw up a short list of candidates.
		Sept 2022	Advertise position for new Employer Rep - Local Authorities, Police & Fire. Position to become vacant from 20 <sup>th</sup> January 2023 at end of current post holder's term. Head of Fund and current Board Chair to consider applications and draw up a short list of candidates.
PFC	Fri	16 Sept 2022	Update?
		8 Oct 2022	
		Oct 2022	Interviews for new LLPB Chair? Successful candidate to be offered position subject to full Council approval.
		Oct 2022	Interviews for new Employer Rep - Local Authorities, Police & Fire. Successful candidate to be offered the position subject to full Council approval.
LLPB	Tue	11 Oct 2022	Update?
Full Council	Thu	13 Oct 2022	
		Nov 2022	Advertise positions of new Employer Rep - Other and 2 new Scheme Member representatives which will all become vacant from 6 <sup>th</sup> May 2023 when the 8-year terms of appointment of current Board members end. Head of Fund and current Chair to consider applications and draw up a short list of candidates.
PFC	Fri	25 Nov 2022	Committee informed of successful candidate and asked to recommend full Council to appoint new LLPB Chair for the Pension Board with effect from 1 <sup>st</sup> April 2023 when current Chair's term expires.
PFC	Fri	25 Nov 2022	Committee informed of successful candidate and asked to recommend Full Council appoint new Employer Rep - Local Authorities, Police & Fire.
Full Council	Thu	15 Dec 2022	Full Council appoint the new LLPB Chair on a 2-year contract with effect from 1 <sup>st</sup> April 2023 with an option to extend for a further 2 years up to 1 <sup>st</sup> April 2027.
Full Council	Thu	15 Dec 2022	Full Council appoint a new Employer Rep - Local Authorities, Police & Fire who will serve an initial 4-year term with effect from 20 <sup>th</sup> January 2023 with a possible extension of 4 years up to January 2027 in line with LLPB Terms of Reference.
2023			
		Jan 2023	Interviews for new Employer Rep - Other and 2 new Scheme Member representatives. Successful candidates to be offered positions, subject to approval by full Council. New LLPB Chair to sit on Interview Panel? Members of PFC to be informed of successful candidates.
LLPB	Tue	17 Jan 2023	WB's last Board meeting as the Chair before 4-year term expires on 1 <sup>st</sup> April 2023. New LLPB Chair to attend meeting as an observer.
LLPB	Tue	17 Jan 2023	New Employer Rep - Local Authorities, Police & Fire attends Board as an observer.

LLPB	Tue	17 Jan 2023	Board receive an update on the recruitment of the new Employer Rep - Other and 2 new Scheme Member representatives.
		20 Jan 2023	The end of 8-year term for the current Employer Rep - Local Authorities, Police & Fire.
Full Council	Thu	23 Feb 2023	Full Council appoints a new Employer rep - Other and 2 new Scheme Member reps with effect from the 1 <sup>st</sup> May 2023. All three to serve an initial 4-year term of appointment with a possible extension of 4 years up to May 2031, subject to full Council approval.
PFC	Fri	10 Mar 2023	Committee informed of the appointment of the new Employer - Other and 2 Scheme Member reps with effect from 1 <sup>st</sup> May 2023 – replacing the existing Scheme Members from that date.
		1 Apr 2023	The end of the current Chair's extended term of appointment.
LLPB	Tue	Apr 2023	First meeting of LLPB with the new Chair in post. Start of their initial 2-year term
LLPB	Tue	Apr 2023	First meeting of LLPB with new Employer rep - Local Authorities Police & Fire in post.
LLPB	Tue	Apr 2023	The new Employer rep - Other and 2 Scheme Member reps to attend as observers.
		6 May 2023	Date which would have been end of the 8-year term of appointment for current Employer rep - Other and 2 Scheme Member reps. Full Council in February 2023 to have appointed replacements with effect from 1 <sup>st</sup> May 2023.
Full Council		May 2023	Consider extension of term of appointment of Scheme Member rep for further r 4 years up to 2 <sup>nd</sup> July 2027.
		2 July 2023	The end of Scheme member rep initial 4-year term of appointment unless extended by full Council.
LLPB	Tue	July 2023	First LLPB with new Employer rep – Other and 2 new Scheme Member reps in post.
<b>2024</b>			
Full Council		Feb 2024	Full Council to consider extending the term of appointment for the new LLPB Chair for a further 2 years to 1 <sup>st</sup> April 2027.
<b>2025</b>			
Full Council		Feb 2025	Full Council to consider extending the term of appointment for the Scheme Member rep by 4 years before expiry in May.
		1 April 2025	End of initial 2-year term for new LLPB Chair unless extended by full Council.
		27 May 2025	End of Scheme Member rep initial 4-year term unless extended by full Council for a further 4 years up to 27 <sup>th</sup> May 2029.
<b>2026</b>			
		28 Feb 2026	End of 8-year term for Employer rep - LCC if extended by full Council
<b>2027</b>			
		Feb 2027	Full Council to consider extending the term of appointment for the new Employer rep - Other and 2 new Scheme Member reps for further 4 years up to May 2031
		1 April 2027	End of the 4-year term of appointment for new LLPB Chair if extended by full Council.
		1 May 2027	End of the initial 4-year term for new Employer rep - Other and 2 new Scheme Member reps unless extended for further 4 years up to May 2031 by full Council.
		2 July 2027	End of 8-year term of appointment of Scheme Member rep if extended by full Council.
<b>2028</b>			
<b>2029</b>			
		27 May 2029	End of Scheme Member rep 8-year term if extended by full Council in May 2025.
<b>2030</b>			
<b>2031</b>			
		1 May 2031	End of 8-year term of appointment for new Employer rep - Other and 2 new Scheme Member reps if extended by full Council May 2027.

# Agenda Item 4

## Lancashire Local Pension Board

Minutes of the Virtual Meeting held via Zoom on Tuesday, 20th April, 2021 starting at 2.00 pm.

### Present:

#### Chair

William Bourne

#### Board Members

Tony Pounder, Employer representative, Lancashire County Council  
County Councillor Matthew Salter, Employer representative, Lancashire County Council  
Carl Gibson, Employer representative - Other Employers  
Kathryn Haigh, Scheme Member representative  
Yvonne Moulton, Scheme Member representative  
Deborah Parker, Scheme Member representative.

#### Officers

Sean Greene, Head of Pension Fund, LCPF, Lancashire County Council.  
Colin Smith, Technical Adviser (Pensions) LCPF, Lancashire County Council.  
Mukhtar Master, Governance & Risk Officer, LCPF, Lancashire County Council.  
Laura Sales, Director of Corporate Services and Monitoring Officer, Lancashire County Council  
Mike Neville, Senior Democratic Services Officer, Lancashire County Council

#### Others

Mr K Ellard (observer).  
Ms J Morville-Smith, Head of Risk and Compliance, Local Pensions Partnership Administration Ltd.

## 1. Welcome and Apologies

The Chair welcomed everyone to the meeting and introduced Sean Greene, the new Head of the Pension Fund who had been appointed since the last meeting. He also welcomed Mr Ellard who was attending the meeting as an observer pending his formal appointment to fill the Scheme Member representative vacancy on the Board. The Chair also acknowledged that the County Council's Monitoring Officer was also observing the meeting.

Apologies for absence were received from Mr S Thompson (Employer representative for Unitary City, Borough Councils, Police and Fire) and presented on behalf of County Councillor E Pope, the Chair of the Pension Fund Committee, who was unable to attend the meeting as an observer.

## 2. Disclosure of Pecuniary and Non-Pecuniary Interests

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

### **3. Minutes of the Last Meeting.**

An issue was raised by a Board Member in relation to comments made at the last meeting during the discussion at item 3 regarding governance and assurance which were not recorded in the Minutes. It was suggested that clarification be sought outside of the meeting regarding the omission so that an amendment could be presented to the next meeting for approval and recorded in the Minute Book.

The Chair also acknowledged that Board Members had not been given an opportunity to comment on the scope of the planned audit as reflected in the next report on the agenda.

**Resolved:** That the Minutes of the meeting held on the 19<sup>th</sup> January 2021 are not approved pending clarification that during the discussion of the planned audit of the Local Pensions Partnership it was highlighted that the work had arisen from a fundamental concern previously raised at the Board around governance and assurance and, whilst of some value, would not fully address the concerns raised.

### **4. Local Pension Partnership Administration - Audit Assurance Report**

The Board discussed the update on the Local Pensions Partnership Audit Assurance Report which had been commissioned from Pricewaterhouse Coopers (PwC) by the County Council's Internal Audit team in response to the concerns raised by the Board in October 2020 around the present governance arrangements and the degree of assurance they provided. The Board had agreed that further assurance would be helpful at the 13<sup>th</sup> October 2020 meeting. Board members expressed their disappointment at not having been consulted on the scope of the audit, as agreed on the 19<sup>th</sup> January 2021, but accepted Officers' explanations that it had been missed in the transfer from the Interim to the newly appointed Head of the Pension Fund.

Board members commented that the scope of the audit presented in the report was narrower than had been intended (as it focussed on retirement, deaths and transfers out) and queried the reasoning behind the sample sizes used. They gained some comfort from a previous Head of Fund being involved in the scoping of the audit, but did not believe that the Audit Assurance Report as commissioned fully met the original objective of the Board which was to gain independent assurance over the underlying business controls behind the data presented to them in reports from Local Pensions Partnership Administration. Some concerns were raised that the scope of the report did not address the broader governance and accountability issues previously noted at the Board. It was suggested that consideration could be given in future to engaging external support to assist in reviewing governance and accountability arrangements.

The Head of Fund informed the Board that some of the concerns would be addressed in other ways, such as the Pensions Regulator's revisions of the Code of Practice governing the LGPS (which was expected to cover service level agreements and outsourcing) or the Scheme Advisory Board's Good Governance



Initiative, which was expected to become a regulatory requirement in 2021 and required a biennial independent report into Fund governance.

It was noted that PwC was expected to complete the audit by the end of April and report to the Pension Fund Committee on the 18<sup>th</sup> June 2021. The Head of Fund suggested that the Board be given an opportunity to discuss any recommendations with a representative from PwC towards the end of May in order that any comments can be included in the report to Committee.

**Resolved:**

1. That the disappointment of the Board regarding the scoping of the audit of the Local Pensions Partnership Administration, and ongoing concerns about the implications of the lack of adequate assurance are noted.
2. That arrangements be made for Board members to review and discuss the findings of the audit with a representative from Pricewaterhouse Coopers at any early date in order that comments can be included in the subsequent report to the Pension Fund Committee on the 18<sup>th</sup> June 2021.

**5. Report on the Annual Review of the Lancashire Local Pension Board**

The Chair presented his report following discussions with Board members and others as part of the Annual Review of the effectiveness of the Pension Board in January 2021.

With regard to training it was noted that Officers had already determined that in view of the improved uptake the majority of future training workshops for members of the Pension Fund Committee/Pension Board would be delivered on-line with recordings available via the secure online library. As a result, the Chair proposed to replace that part of his recommendation with the suggested topics for future training set out in the body of his report.

**Resolved:**

1. That the continued allocation of particular areas of activity to Board members who will have lead responsibility during discussions is approved as set out in the table below.

<b>Area</b>	<b>Includes</b>	<b>Board Members</b>
Compliance with regulations and statutory guidance	TPR, LGPS regulations	K Haigh & Chair
Communications	Engagement, Comms policy	D Parker & C Gibson
Administration	KPIs, ABSs, admin breaches	Y Moulton & S Thompson
IT	Systems, data protection, cyber	T Pounder & M Salter

Investment policy documents	Investment Strategy Statement, actuarial report, Responsible Investment.	D Parker & S Thompson
Service providers governance	LPP, custodian, audit	T Pounder & Y Moulton
Risk	Risk Register	C Gibson & Vacancy

2. That the Work Plan for the Board be updated to include time in 2021 to review the following items:
  - The format in which the Fund Risk Register is presented.
  - Continuous improvement processes at the Fund and Local Pensions Partnership Administration/Local Pensions Partnership Investments.
3. That when Covid-19 restrictions are relaxed and face-to-face Board meetings begin again, suitable facilities be put in place to enable presenters to both attend and present remotely to the Board.
4. That the following suggestions for training in 2021 are referred to the Head of Fund:
  - More detail on governance responsibilities and structures around Local Pensions Partnership Administration and Local Pensions Partnership Investment.
  - General refresh on the legal framework and requirements both for Board members and the Fund.
  - Exit payments.
  - The Board's role in assisting the Fund to mitigate ESG issues such as climate change.
  - The longer-term effects of Covid-19.
5. That existing induction training/information for newly appointed Board members is reviewed and an existing Board member be appointed to mentor all new Board appointments.
6. That Officers at the Local Pensions Partnership be asked to notify the Board of opportunities either to give presentations or to write short articles in newsletters in order to publicise the Board's role.
7. That the Key Person Dependency Risk in the Fund Risk Register be reviewed in the context of the Head of Pension Fund.
6. **2020/21 Training Record and Feedback from members of the Board on pension related training.**

Individual Board members gave feedback on their experience at different training events, the majority of which had been considered informative and useful. However, it was recognised that there had been some issues raised at the 23<sup>rd</sup> March 2021

workshop regarding communications with scheme members which the Local Pensions Partnership needed to address.

It was noted that Covid-19 had significantly impacted on the number of external training opportunities as reflected in the 2020/21 Training Record. However, when previous training records were taken as a whole there was a significant body of evidence regarding the knowledge/experience of Board members.

**Resolved:** That the feedback from individual Board Members on their experiences at the training events referred to in the report together with the contents of the Training Record for 2020/21, as set out in the Appendix, are noted.

## **7. Lancashire Local Pension Board Annual Report 2020/21**

The Chair presented a report on the draft 2020/21 Annual Report on the Board which highlighted key areas of activity undertaken by the Board during the previous year and included information regarding attendance at meetings, participation in training and the cost associated with the operation of the Board.

**Resolved:**

1. That, subject to an amendment to show Mr T Pounder as having attended the Board on 19<sup>th</sup> January 2021, the 2020/21 Annual Report of the Lancashire Local Pension Board, as set out at Appendix 'A' to the report presented, is approved.
2. That the Annual Report referred to at 1 above is recommended to the Pension Fund Committee on the 18<sup>th</sup> June 2021 for approval and inclusion in the Lancashire County Pension Fund Annual Report.

## **8. Regulatory Update**

Mr Smith, Technical Adviser (Pensions) presented a report which updated Board members on various pension related regulatory issues. In considering the report members of the Board discussed the following and received clarification of specific questions from Mr Smith.

- Restricting exit payments in the public sector (95k Cap).
- Review of employer contributions and flexibility on exit payments and employer risk.
- Mc Cloud.
- Update on cost control mechanisms.
- Guaranteed Minimum pension Indexation – consultation response.

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

The Chair informed the Board that there would be a short refreshment break at this point in the meeting after which he would take item 10 (LCPF Breaches report) as the next item of business when an Officer from the Local Pensions Partnership Administration would join the meeting.

## **9. The Lancashire County Pension Fund Breaches Report Q4 2020/21**

Ms Morville-Smith, Head of Risk and Compliance, dialled into the meeting to present the report and explain how Local Pensions Partnership Administration Ltd managed and recorded breaches in relation to data, Code of Practice 14 and process.

Mr Master, Governance and Risk Officer, reported that during the period 1<sup>st</sup> January 2021 to 31<sup>st</sup> March 2021 there had been no breaches in contribution payments and eight data breaches, none of which had been deemed significant enough to warrant reporting to the Information Commissioner. With regard to administration breaches it was noted that there had been one COP 14 breach and 2 process breaches, none of which considered to be material or worthy of reporting to the Pension Regulator. In all three cases corrective action had been taken to minimise future recurrence.

A Board member requested clarification in relation to the number of incidents where employers had failed to submit contribution figures in order to establish whether there was an identifiable training/education issue for certain employers.

Ms Morville-Smith informed the Board that specific training on data protection would be given to administrators aimed at minimising administration breaches in the future.

### **Resolved:**

1. That the summary of the Lancashire County Pension Fund breaches log for the period 1<sup>st</sup> January 2021 to 31<sup>st</sup> March 2021, as set out in the report presented, is noted.
2. That the Board be provided with further details regarding the number of incidents where employers had failed to submit contribution figures in order to establish whether there was an identifiable training/education issue for certain employers.

The Chair thanked Ms Morville-Smith for her contributions to the discussion before she dialled out of the meeting.

## **10. Risk Register Review**

Mr Master, Governance and Risk Officer, presented a report on the proposed review of the Lancashire County Pension Fund Risk Register and sought the views of Board members on various options set out in the report.

In considering the report the Board recognised the need to be clear about concerns/risks and have a Register which identified risks, specified assurance and provided details on work undertaken during each quarter in relation to risks. The Head of Fund reported that consideration was being given to using the concept of confidence and targets in the future in order clarify ownership of specific controls and individual roles in relation to risks in the Register.

## **Resolved:**

1. That having considered the various options set out in the report presented the Board agree the following improvements to future Risk Register reporting for the Fund.
  - a) The Full Register to be presented to every six months with key risk reporting every quarter.
  - b) The Governance and Risk Officer to be given discretion as to whether the register be split between Local Pensions Partnership Administration and Local Pensions Partnership Investments. However, the Board commented that all significant risks should be highlighted alongside the assurance given, any gaps in control be identified together with who has responsibility and an implementation date where gaps are identified.
  - c) 'Controls' and 'Actions' to be separated from the main Register using MSWord in order to facilitate easy management of the Register and provide change control for audit purposes.
  - d) Other improvements to include:
    - Heat maps for easy visual presentation of risks
    - Register to include 'risk symptoms' with insight on information monitoring to alert any change in the risk impact/probability, subject to the level of work being proportionate to the available resources.
    - That once closed risks are to be removed from the Register after consulting the Board.
2. That a prototype Risk Register, focussed on one area and taking account of the measures outlined in 1 above, be presented to the Board in July 2021 for further discussion.

## **11. Part I reports presented to the most recent Pension Fund Committee**

The Board considered a report on items considered by the Pension Fund Committee on the 12<sup>th</sup> March 2021 under Part I of the agenda and discussed the following.

Lancashire County Pension Fund Investment Strategy Statement – It was noted that the Strategic Asset Allocations had been the subject of a rigorous review by the Investment Panel and responsible investment considerations taken into account. The Head of Fund confirmed that the Committee had signed off the statement which was now available to view of the new Fund website.

Lancashire County Pension Fund 2021/22 Budget – The Head of Fund reported that at the Committee it had been clarified that the deficit shown in the budget was the result of employer contribution prepayments received in 2020/21 which when reallocated to 2021/22 represented a surplus of £49m. The budget had been approved.

Lancashire County Pension Fund Strategic Plan 2021-24 – It was noted that the Plan approved by Committee included a number of key projects for 2021/22 including a Service Based Review of Investments/Administration and further work regarding the Employer Risk function and the Pension Regulator's single Code of Practice. The Head of Fund confirmed that the Board would receive updates as the projects progressed.

It was also confirmed that in accordance with the decision of the Committee employers would be consulted on the Lancashire County Pension Fund Admission and Termination Policy/Inter-valuation contributions review policy with an end date for comments in May 2021.

The improved reporting to Committee with regard to Responsible Investment was noted.

**Resolved:** That the reports considered by the Pension Fund Committee on the 12<sup>th</sup> March 2021 and decisions taken are noted.

## **12. Urgent Business**

No items of urgent business were raised at this point in the meeting.

## **13. Date of Next Meeting**

It was noted that the next scheduled meeting of the Board would be held at 2.00pm on the 6<sup>th</sup> July 2021 either remotely via Zoom or in a meeting room 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 briefly paused the meeting at this point while the live web stream was turned off.

## **15. Lancashire County Pension Fund Risk Register**

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

Mr Master, Governance and Risk Officer, presented a report on the current Fund Risk Register and the specific Covid-19 Register. In considering the report the Board discussed number of matters including the following:

Additional Voluntary contribution (AVC) payments – the Head of Fund confirmed that he was due to meet with a representative from an insurance provider to discuss issues around the allocation of members' AVC contribution payments and would report back to a future meeting.

The introduction of additional measures to mitigate pension scams in the future, particularly in response to the increase in such scams during the Covid-19 pandemic. The Board also discussed historical scams and requested further information regarding numbers, the controls in place to mitigate the issue and the level of assurance regarding management of the issue.

Key Person Dependency – whilst noting that a new Head of Fund was now in post the Board considered that a risk still existed in the event that the postholder was unable to perform their role and so the risk should remain on the Register with the original score in place.

**Resolved:**

1. That the comments of the Board regarding the contents of the Fund Risk Register and Covid-19 Risk Register, as set out respectively at Appendices 'A' and 'B' to the report presented, are noted.
2. That reports regarding the Following matters are presented to the next meeting of the Board.
  - a) the outcome of the Head of Fund's discussion with an insurance provider in relation to issues around the allocation of members' AVC contribution payments.
  - b) details of the number of historical scams, the controls in place to mitigate the issue and the level of assurance regarding management of the issue.

**16. Communications Update**

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

A report was presented to update the Board on communications from both a Fund and Local Pensions Partnership Administration (LPPA) perspective.

The Board noted that the new Fund website was operational, and members of the Pension Fund Committee and Board had been given a demonstration of its functionality at a workshop on the 23<sup>rd</sup> March 2021. The Board also discussed

communications between LPPA and the Fund membership which had been covered in the March workshop.

**Resolved:**

1. The Board are concerned about the quality and frequency of communications from Local Pensions Partnership Administration Ltd to the Fund membership.
2. The Board consider that whilst Local Pensions Partnership Administration Ltd has the capability to issue communications the Lancashire County pension Fund Team do not have sufficient resource to provide the required content. Therefore, the Board recommend the Head of Fund to recruit an additional post of sufficient grade to the Team in order to address this issue.

**17. Part II reports presented to the most recent Pension Fund Committee**

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

The Head of Fund reported that the Committee had approved an extension of the term of the existing contract with the Custodian up to 15<sup>th</sup> April 2024 and that during that period there would be a full procurement exercise with regard to awarding a new contract for the provision of custodian services with effect from the expiry of the extended term.

The Board discussed the Key Performance Indicators (KPIs) for the administration service as set out in the Local Pension Partnership Strategic Update. Individual Board members commented on various aspects of the information including the breakdown of figures for individual areas and with regard to clarifying some of the information. However, there was also concern regarding transparency on the methodology used by the administration service when measuring of KPIs and it was suggested that this should be discussed further at the next meeting.

**Resolved:**

1. That the reports considered by the Pension Fund Committee on the 12<sup>th</sup> March 2021 under Part II of the agenda and decisions taken are noted.
2. That the Operations Director at Local Pension Partnership Administration Ltd be invited to attend the next Board meeting to discuss the methodology used when measuring Key Performance Indicators with regard to the administration service.

L Sales  
Director of Corporate Services

County Hall  
Preston



## **Lancashire Local Pension Board**

**Minutes of the Virtual Meeting held via Zoom on Tuesday, 19th January, 2021  
starting at 2.00 pm**

### **Present:**

#### **Chair**

William Bourne

#### **Board Members**

Tony Pounder, Employer representative, Lancashire County Council.

County Councillor Matthew Salter, 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.

Keith Wallbank, Scheme Member representative.

Deborah Parker, Scheme Member representative.

#### **Officers**

Michelle King, Interim Head of Pension Fund, LCPF, Lancashire County Council.

Colin Smith Technical Adviser (Pensions) LCPF, Lancashire County Council.

Mukhtar Master, Governance & Risk Officer, LCPF, Lancashire County Council.

Mike Neville, Senior Democratic Services Officer, Lancashire County Council.

#### **Others**

County Councillor E Pope, Chair of the Pension Fund Committee (observer).

Mr D Broughton and Ms B Roger from BT Lancashire Services (dialling in for item 14).

### **1. Welcome and apologies**

The Chair welcomed everyone to the meeting and introduced Michelle King, the Interim Head of Fund, who was attending her first Pension Board. Individual Board members introduced themselves and the Chair noted that apologies had been received from Ms Y Moulton and that Mr T Pounder would need to leave the meeting at 3pm due to another commitment.

### **2. Disclosure of Pecuniary and Non-Pecuniary Interests**

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

### **3. Minutes of the Last Meeting.**

Mr Wallbank informed the Board that he would resign as a Scheme Member representative with effect from the 20<sup>th</sup> January 2021. The Chair and Board Members thanked Mr Wallbank for his contributions to the work of the Board over the last two years.

It was reported that an External Auditor had been engaged to undertake the additional audit work on the Local Pensions Partnership requested by the Board at the previous meeting. The Board discussed the extent of the planned audit and how the outcomes and the level of assurance would be reported to the Audit, Risk and Governance Committee and the Board. The Interim Head of Fund reported that Board members had an opportunity to submit their suggestions for areas which should be covered by the audit which could then be fed into the scoping process.

The Board was also updated on action taken since the last meeting with regard to the following items in the Minutes.

Item 3 - the new Terms of Reference for the Board had been approved by full Council and were included on the agenda for this meeting for information.

Item 6 - the amended strategic asset allocations had come into effect on the 1<sup>st</sup> January 2021.

Item 13 - the Local Pensions Partnership Governance Charter had been approved by the Pension Fund Committee in November 2020.

**Resolved:**

1. That the Board note the resignation of Mr K Wallbank with effect from the 20<sup>th</sup> January, 2021, thank him for his contributions as a scheme member representative to the work of the Board and wish him well for the future.
2. That all Board Members be given an opportunity to comment on the scope of the planned audit of the Local Pensions Partnership.
3. That the updates given at the meeting are noted and the Minutes of the meeting held on the 13<sup>th</sup> October 2020 confirmed as an accurate record and signed by the Chair in due course.

**4. New Terms of Reference of the Lancashire Local Pension Board.**

A report was presented on the new Terms of Reference for the Pension Board which had been approved by full Council on the 15<sup>th</sup> October 2020.

**Resolved:** That the new Terms of Reference, as approved by full Council on the 15<sup>th</sup> October 2020 and set out at Appendix 'A' to the report presented, are noted and that a copy is placed in the Minute Book for future reference.

**5. Feedback from members of the Board members on pension related training**

It was reported that the Training Record for Board Members had been updated to reflect that the Chair, T Pounder, County Councillor M Salter, C Gibson, Ms K Haigh

and Ms D Parker had all participated in the 12<sup>th</sup> January 2021 workshop regarding the Local Pensions Partnership Administration.

Individual Board members gave feedback on the two workshops referred to in the report, both of which were considered to have been informative and helpful.

**Resolved:** That the update and feedback from individual Board Members on their experiences at the training events referred to in the report is noted.

## **6. Part I reports presented to the most recent Pension Fund Committee**

The Board discussed the various reports which had been considered by the Pension Fund Committee on the 27<sup>th</sup> November 2020 under Part I of the agenda.

It was noted that the External Audit findings report had been addressed by the discussion earlier in the meeting regarding the Minutes and that the comments of the Board had been taken into account when finalising the LPP Governance Charter which had been approved by Committee. It was also acknowledged that the report and Dashboard on responsible investment issues continued to evolve into an informative document which reflected the considerable level of activity in that area.

**Resolved:** That the reports considered by the Pension Fund Committee on the 27<sup>th</sup> November 2020 and subsequent decisions taken are noted.

## **7. Regulatory Update**

Mr Smith, Technical Adviser (Pensions) presented a report which updated Board members on various pension related regulatory issues.

He reported that the requirement in LGPS regulations for Fund members to take payment of an unreduced pension conflicted with the more recent exit cap regulations which prevented employers from paying the full strain cost. As a result the new regulations were the subject of legal challenge and applications for judicial review. Mr Smith informed the Board that in accordance with the advice of the Scheme Advisory Board the Fund had advised the Local Pensions Partnership that any cases received for employers in scope of the cap can be released where the exit costs are clearly under the cap and termination dates are not beyond 31<sup>st</sup> March 2021. It was noted that to date there had been no cases for the Fund where the exit cap had been breached.

The Board also noted that the employer risk function currently undertaken by the Local Pensions Partnership Administration would transfer back to the Fund with effect from the 1<sup>st</sup> April 2021 and recruitment was underway to support that function.

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

## **8. Lancashire County Pension Fund - Pension Administration Strategy Statement Review**

A report was presented on the Administration Strategy Statement for the Fund which had been reviewed to ensure that it remained appropriate and compliant with the Fund's policy intentions.

The Board was informed that no significant changes had arisen from the review and that the Local Pensions Partnership Administration (LPPA) was currently meeting all key performance indicators. It was reported that the Statement was primarily a document on the relationship between employers, the administering authority and LPPA. However, the Board acknowledged that there was merit in also making the document available to the Fund membership so that individuals could find out more about their employer and the administrator if they wished to do so.

The financial penalties for employers who failed to provide information in accordance with the Statement was also discussed and it was noted that such penalties were considered a last resort and rarely used in relation to the Fund.

**Resolved:**

1. That the content of the Pension Administration Strategy Statement, as set out at Appendix 'A' to the report presented, is noted and that the new Fund branding be applied to the document before it is published.
2. That the Communication Strategy for the Fund be updated to include reference to the Administration Strategy Statement and direct the Fund membership to a copy should they wish to access it.

**9. Appeals Update**

Mr Smith, Technical Adviser (Pensions) presented a report on appeals received under the Internal Dispute Procedure for the period 1st January 2020 to 31<sup>st</sup> December 2020.

In considering the report the Board discussed the number of ill health cases received (the majority of which had been dismissed), the processes involved in considering appeals and the availability/accessibility of information to the membership of the Fund.

**Resolved:** That the report is noted and that future reports on appeals received under the Internal Dispute Procedure be presented to the Board on an annual basis.

The Chair informed the Board that he would take the report at item 14 on the agenda as the next item of business so that Mr Pounder could contribute to the discussion before he had to leave for another commitment.

**10. Update on Lancashire County Pension Fund Branding and Website Development**

Mr Broughton and Ms Roger from BT Lancashire Services (BTLs) dialled into the meeting at this point to update the Board on the development of the dedicated

website for the Lancashire County Pension Fund which was due to go live on the 25<sup>th</sup> February 2021.

It was reported that whilst there had been some delays, most notably due to the reallocation of resources by BTLS in response to the Covid-19 outbreak, the website was nearing completion and required final sign off in relation to the agreed specification. Resources had been deployed to resolve an outstanding issue in relation to how the website would display on certain devices and the project was on target to be completed by the February deadline.

The Chair thanked Mr Broughton and Ms Roger for their contributions to the discussion before they dialled out of the meeting.

**Resolved:**

1. That the Board recognise the concerns raised by BT Lancashire Services (BTLS) regarding the delay in signing off the website and accept those concerns. It is noted that the Fund has taken responsibility for ensuring the necessary sign off is provided on a prompt basis and BTLS has given an assurance that the system will be delivered as specified by the deadline of 25<sup>th</sup> February 2021.
2. That a report on the dedicated website for the Lancashire County Pension Fund be presented to the Pension Fund Committee on the 12<sup>th</sup> March 2021.

**11. The Governance Policy Statement**

A report was presented on the latest version of the Governance Policy Statement for the Lancashire County Pension Fund which set out how the County Council discharged its responsibilities in response to the regulatory requirements. It was noted that the Policy Statement had been produced using the new branding for the Fund and included hyperlinks to information published on the County Councils website.

**Resolved:** That the updated Governance Policy Statement for the Lancashire County Pension Fund, as set out at Appendix 'A' to the report presented, is noted.

**12. Lancashire County Pension Fund - Compliance with the requirements of the Pension Regulator**

Mr Master, the Governance & Risk Officer, presented a report on the latest version of the Compliance Statement for the Lancashire County Pension Fund which had been updated following a review by officers and colleagues at the Local Pensions Partnership. In considering the report the Board noted that no major governance issues had been identified, the quality of data held by the Fund was high and overall compliance against the Code of Practice 14 was good.

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

### **13. Lancashire County Pension Fund - Breaches Report**

Mr Master, Governance & Risk Officer for the Fund, presented a report on the small number of breaches in relation to contributions, data and administration, none of which had been deemed significant enough to warrant reporting to either the Information Commissioner or Pensions Regular.

In response to comments from the Board the Interim Head of Fund suggested that further detail be provided regarding the process used by the Local Pensions Partnership Administration when rating breaches in order that the Board could understand the rationale behind the figures set out in future reports.

#### **Resolved:**

1. That the summary of the Lancashire County Pension Fund Breaches Log for the period 1<sup>st</sup> October 2020 to the 31<sup>st</sup> December 2020, as set out in the report presented, is noted.
2. That the Operations Director at the Local Pensions Partnership Administration be requested to produce a report for the next meeting on the process used to assess and rate administration breaches.

### **14. 2021/22 Programme of meetings**

#### **Resolved:**

1. That the 2021/22 programme of meetings, as set out below, is approved with all meetings to start at 2.00pm and be held either remotely via Zoom or, subject to Covid-19 restrictions in operation at the time, at County Hall, Preston.

Tuesday 6<sup>th</sup> July 2021  
Tuesday 19<sup>th</sup> October 2021  
Tuesday 18<sup>th</sup> January 2022  
Tuesday 26<sup>th</sup> April 2022

2. That in future provision be made for a short refreshment break mid-way through Zoom meetings.

### **15 Urgent Business**

The update report on the development of a dedicated website for the Lancashire County Pension Fund website and associated branding presented to the Board under this item was discussed earlier in the meeting.

No other items of urgent business were raised at this point in the meeting.

### **16. Date of Next Meeting**

It was noted that the next scheduled meeting of the Board would be held at 2.00pm on the 20<sup>th</sup> April 2021 either remotely via Zoom or, subject to any Covid 19 restrictions that may be in operation at the time, in Exchange Room 8 at County Hall, Preston.

#### **17. Exclusion of Press and Public**

**Resolved:** That the press and public be excluded from the meeting during consideration of the following item 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 briefly paused the meeting at this point while the live web stream was turned off.

#### **18. Part II reports from the most recent Pension Fund Committee.**

(Exempt information as defined in Paragraphs 1, 2 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

A report was presented on the six items considered by the Pension Fund Committee on the 27<sup>th</sup> November 2020 under Part II of the agenda.

The Board discussed the ongoing work in relation to the Local Pensions Partnership Balanced Scorecard and highlighted some action points for Officers to follow up. The Board also discussed potential amendments to the reporting in future versions of the Lancashire County Pension Fund Risk Register and noted that the latest version of the Register was due to be presented to the next meeting for comment.

#### **Resolved:**

1. That the reports considered by the Pension Fund Committee on the 27<sup>th</sup> November 2020 under Part II of the agenda and decisions taken are noted.
2. That the Interim Head of Fund be requested to
  - a) Consider the comments of the Board in relation to the Local Pensions Partnership Balanced Scorecard and report back to Board members outside of the meeting.
  - b) Take into account the comments of the Board when preparing the report to the next meeting regarding the latest version of the Risk Register for the Lancashire County Pension Fund

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L Sales  
Director of Corporate Services



## Lancashire Local Pension Board

Meeting to be held on Tuesday, 6 July 2021

Electoral Division affected:  
(All Divisions);

## Lancashire County Pension Fund Breaches Report

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 1<sup>st</sup> April 2021 to the 30<sup>th</sup> June 2021.

The report provides breach information for contributions, data and administration breaches. Information on data and administration breaches is provided by the Local Pensions Partnership Administration Limited (LPPA).

### Recommendation

The Board is 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 Administration Limited, 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 2021 to June 2021 (June contributions have not been collected at the time of writing this report) there have been no breaches in contribution payments.

There were no breaches in quarter 4 (January - March 2021) and there were no breaches in the previous quarter.

There were a number of incidents recorded in the period which have resulted in corrective action being taken. A total of 52 employers failed to submit contribution figures for Q4 and 45 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 5.20% of the total submissions, in monetary values this equates to 0.60% of the total contributions received during the period and for Q1\* this represents 6.89% and 0.68% respectively.

	Q2 Jul-Sep 20	Q3 Oct-Dec 20	Q4 Jan-Mar 21	Q1* Apr-Jun 21
Incidents	70	57	52	45
Breach	0	0	0	0

\* Incomplete – only includes 2 months data.

## Data Breaches:

For the period 1<sup>st</sup> April 2021 to the 30<sup>th</sup> June 2021 there were a total of 4 data breaches:

April	<ul style="list-style-type: none"><li>Two member addresses were incorrect on the system because they had not notified LPP of a change of address. This resulted in their information being received by a third party.</li></ul>
May	<ul style="list-style-type: none"><li>One member received information relating to another member attached to their own correspondence;</li><li>One letter was sent to the incorrect address.</li></ul>
June	<ul style="list-style-type: none"><li>N/A.</li></ul>

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 20/21	Q2 20/21	Q3 20/21	Q4 20/21	Q1 21/22
Data Breaches	2	2	5	8	4*

\*Correct to 21<sup>st</sup> June 2021

## Administration Breaches:

The systems developed by LPPA report breaches in two different ways:

1. COP 14 Breach – a breach based on the Code of Practice 14 from the Pension Regulator;
2. A process breach – a breach contravening agreed and accepted administrative processes.

There was one COP14 breach in the period and no process breaches:

	COP 14 Breach	LPPA PROCESS BREACH	TOTAL
April	1	0	1
May	0	0	0
June	0	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>1*</b>

\*Correct to 21<sup>st</sup> June 2021.

April	<ul style="list-style-type: none"><li>• COP14: Incorrect early leaver estimate was created and sent to the member. Correct figures have been issued together with an apology.</li></ul>
May	<ul style="list-style-type: none"><li>• N/A.</li></ul>
June	<ul style="list-style-type: none"><li>• N/A</li></ul>

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

Local Pensions Partnership Administration Limited were consulted with regards to the administration and data breaches. The County Council's Finance Team were consulted with regards to contributions.

## 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, 6 July 2021

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. Restricting exit payments in the public sector (95k Cap)

As highlighted at the last board meeting the Government has indicated that it still intends to reintroduce measures to limit public sector exit payments.

As part of those steps the Ministry of Housing, Communities and Local Government wrote to Chief Financial Officers of councils and combined authorities in England on 9 April 2021, letting them know about a new requirement to provide data on exit payments. Councils will be asked to provide data on all redundancy payments, pension strain payments and other special payments made in consequence of an exit for 2014/15 to 2020/21. The data will be used to inform development and delivery of the Government's policy commitment to end excessively high exit payments in the public sector.

#### 2. 2020 LGPS Scheme Annual report

On 18 May 2021, the Scheme Advisory Board published the 2020 LGPS England and Wales Scheme Annual Report.

Highlights from the report include:

- Total membership up by 4.2% to 6.1 million members compared with 2019.
- Total assets decreased by 4.9% to £276 billion. These assets were invested in:
  1. 68% pooled investment vehicles
  2. 14% public equities
  3. 6% bonds

- 4. 3% direct property
- 5. 9% other asset classes.
- The Local Authority return on investment over 2019/20 was -4.8%. This was reflective of the market conditions during the year and set against the UK return of -28.3%.
- The Scheme maintained a positive cash-flow position overall, including investment income.
- Over 1.8 million pensioners paid in the year.
- LGPS liabilities estimated at £291 billion on 31 March 2019. This indicates an overall funding level of 98%.

Full details of the report can be found on the Scheme Advisory Board's website at the following link.

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

### **3. McCloud**

As part of the McCloud judgement, proposed changes would mean that a revised underpin protection will apply to all members, regardless of their age, who were active members of the LGPS on 31 March 2012, build up benefits in the 2014 Scheme and do not have a disqualifying break.

In the latest statement issued on 13 May 2021 by Luke Hall, Minister for Regional Growth and Local Government, confirmation was provided around the key changes that the Government will make to the LGPS regulations to remove the unlawful age discrimination. The statement confirms that:

- the age requirement for underpin protection will be removed
- a member will not need to leave with an immediate entitlement to benefits to qualify for underpin protection (i.e. members with a deferred entitlement to a pension will be in scope)
- the remedy period will end on 31 March 2022
- the underpin calculation will be based on final pay at the underpin date, even when this is after 31 March 2022
- there will be two stages to the underpin calculation (this will be undertaken to ensure that where there is a gap between a member's last day of active membership and the date they take their pension, members can be assured they are getting the higher benefit) :
  1. the first on the underpin date – the date of leaving or on the normal pension age in the 2008 Scheme, if earlier
  2. the second when the benefits are paid

the regulations will be retrospective to 1 April 2014.

It is expected that the Ministry of Housing, Communities and Local Government will issue a full response to the consultation and publish draft regulations later this year.

#### **4. Pension scams**

Pension scams are a risk priority for the Fund particularly around pension transfers out of the scheme and there are already a number of checks and procedures that the pension service will complete before agreeing to the transfer out of a member's benefits.

A recent consultation launched by the Department of Work and Pensions proposes new requirements on trustees and scheme managers before a pension transfer can be completed. For the LGPS these transfers would include:

- If the transfer is to an occupational scheme (including a recognised overseas scheme) the member must demonstrate an employment link before the transfer can be completed.
- If the transfer is to a recognised overseas scheme and the member cannot demonstrate an employment link (where that scheme is an occupational scheme), they must prove residency in the same financial jurisdiction as the potential receiving scheme.
- Before any other transfer can be completed, the trustee or scheme manager must decide if there are any 'red flags' that would prevent a transfer. Red flags include:
  1. the member was given financial advice by a firm or individual without regulatory permissions
  2. the member was contacted out of the blue
  3. the member was offered incentives to transfer, and/or
  4. the member was pressured to complete the transfer quickly.
- If there are no 'red flags', the trustee or scheme manager must also establish whether there are any 'amber flags' which would include:
  1. high risk or unregulated investments in the receiving scheme
  2. high or unclear fees in the receiving scheme
  3. complicated or unorthodox investment structures
  4. overseas investments or advisers based overseas, and/or
  5. a high volume of transfers to a single receiving scheme or involving a single adviser or firm.
- If the trustee or scheme manager identifies that 'amber flags' are present, the transfer can only proceed if the member takes scam advice from the Money and Pension Service.
- The member must provide the information needed for the trustees or scheme manager to assess the red and amber flags. If the member does not provide this information, the transfer cannot proceed.

The Department of Work and Pensions has produced a set of standard questions for trustees and scheme managers to use to gather information from the member that they will need to decide whether there are any 'red flags' or 'amber flags', and these will form part of any new agreed legislation.

## **5. High Court Judgement on exit credits**

A recent claim by a scheme employer in another LGPS fund brought against the Ministry of Housing Communities and the Local Government in relation to the payment of Exit Credits, has now been ruled on by the High Court who have ruled in favour of the Ministry of Housing, Communities and Local Government and determined that an exit credit would not be payable in this case.

Exit credits were introduced into the Scheme rules in 2018 and allowed for a surplus position identified on the termination of an employer in the Fund, to be refunded to that employer in certain situations, generally where another scheme employer was not already picking up and guaranteeing the liability.

The main reason behind the ruling centered around the fixing of a "policy error" by the Ministry of Housing, Communities and Local Government when the regulations underlying the payment of Exit Credits were amended in 2020 to give LGPS Funds the discretion over whether such payments should be made. In cases where risk sharing arrangements existed between the exiting employer and the letting employer which would have protected the exiting employer, had a deficit, and not a surplus, existed on termination.

The amendments introduced in 2020 retrospectively applied to all outstanding cases from May 2018 and this formed the basis of the claim brought against the Ministry of Housing, Communities and Local Government given that the employer in question exited the LGPS prior to 2020. The ruling confirmed that all unsettled credits fall under the 2020 regulations.

In practice, the ruling does not change the position for LGPS Funds in that they will continue to have discretion over whether exit credit payments can be made to exiting employers, as introduced into Regulations last year.

The Lancashire Fund has recently updated their policies dealing with terminating employers and, having taken appropriate actuarial advice, are confident that a robust policy exists to deal with similar cases.

## **6. Cost control review report published**

As reported at the last Board meeting the Government announced updates on the 2016 valuations and cost control mechanism and set out the following commitments:

- the cost control element of the 2016 valuations will now be completed including the cost of implementing the McCloud remedy
- there will be no reduction to member benefits as a result of completing the 2016 valuation if the cost ceiling is breached



- if the cost floor is breached, this will be honoured by implementing increases in benefit accrual and/or reductions in member contributions from 1 April 2019.

However separately the Government had committed to reviewing the cost control mechanism and a report setting out this review was published on 15 June 2021.

The cost control mechanism was introduced into the valuation process for public service pension schemes – not just LGPS - in the Public Service Pensions Act 2013 following consultation with member representatives. It was designed to ensure a fair balance of risk with regard to the cost of providing defined benefit (DB) public service pension schemes between members of those schemes and the taxpayer.

The Government Actuary undertook a review of the mechanism amidst concerns that it was not operating in line with its original objectives. These objectives are:

- To protect taxpayers from unforeseen costs
- To maintain the value of pension schemes to the members
- To provide stability and certainty to benefit levels – the mechanism should only be triggered by ‘extraordinary, unpredictable events’

The Government Actuary’s report sets out his findings and makes a number of recommendations on possible changes to the mechanism, primarily these are effectively designed to prevent the unexpected result of the 2016 valuation cost cap exercise. The report confirms that the review did not consider the separate cost control mechanism for the LGPS and acknowledges that the differences between the LGPS and the unfunded public service schemes mean that some of the recommendations, if adopted, may need revising to accommodate those differences.

The Government will respond to this report in due course.

### **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



## Lancashire Local Pension Board

Meeting to be held on Tuesday, 6 July 2021

Electoral Division affected: None;
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### Feedback from members of the Board on pension related training.

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 which members of the Board have received since the last meeting and gives individuals an opportunity to provide feedback on their experience.

#### Recommendation

Individual members of the Board are asked to provide feedback on their experience of the training referred to in the report.

#### Background and Advice

The Training Policy agreed by the Pension Fund Committee sets 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 the Committee or the Lancashire Local Pension Board.

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

Date(s)	Event	Participants
29 April 2021	The European Pension Fund Investment Forum Private Markets Investors Forum Virtual Seminar - Measuring Responsible Investment in Private Markets.	Mr T Pounder
18/19 May 2021	PLSA Local Authority Conference	Mr W Bourne
23 June 2021	Training session for members of Audit Risk & Governance Committee and other County Councillors on the Statement of Accounts	County Councillor M Salter

## Consultations

N/A

## Implications:

This item has the following implications, as indicated:

### Risk management

Without the required knowledge and skills 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, 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
Attendance at external Conferences and Events approved by the Head of Fund under the Scheme of Delegation to Heads of Service	April/May 2021	M Neville 01772 533431
Attendance record for training session on Statement of Accounts	23 <sup>rd</sup> June 2021	M Neville 01772 533431

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

## Lancashire Local Pension Board

Meeting to be held on Tuesday, 6 July 2021

Electoral Division affected: None;
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### Part I reports from the most recent 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 lists the Part I reports that were presented to the most recent meeting of the Pension Fund Committee. At the meeting the Head of Fund will update the Board on decisions taken in respect of the reports.

#### Recommendation

The Board is asked to comment in relation to the Part I reports that were considered by the Pension Fund Committee on the 18<sup>th</sup> June 2021 and any decisions taken.

#### Background and Advice

At the meeting on the 18<sup>th</sup> June 2021 the Pension Fund Committee considered a number of reports in Part I of the agenda (available to the press and public) which included the following.

- Appointment of Chair and Deputy Chair of the Committee
- Constitution, Membership and Terms of Reference
- Minutes of the Meeting held on 12th March 2021
- External Audit 2020/21
- Lancashire County Pension Fund - 2020/21 budget monitoring report
- Lancashire County Pension Fund and Lancashire County Council Annual Governance Statement
- Lancashire Local Pension Board 2020/21 Annual Report
- Lancashire County Pension Fund - Inter-valuation contribution review policy and Admission and Termination Policy
- Investment Strategy Statement
- 2020/21 Training Record and feedback from members of the Committee on pension related training.
- Responsible Investment Report
- Date of Next Meeting - 10.30am 17th September 2021 at County Hall, Preston.

Members of the Board received notification when the agenda for the Committee was published and available to view on the [County Councils website](#). A full copy of the agenda was also made available for Board members 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

## Lancashire Local Pension Board

Meeting to be held on Tuesday, 6 July 2021

Electoral Division affected: None;
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### **Written resolution procedure – Approval of the Lancashire Local Pension Board Annual Report 2020/21** (Appendix 'A' refers)

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

#### **Executive Summary**

This report refers to the approval of an amended Pension Board Annual Report 2020/21 using the written resolution procedure and the subsequent decision of the Pension Fund Committee on the 18<sup>th</sup> June 2021.

#### **Recommendations**

1. That the approval of the Pension Board Annual Report 2020/21 and recommendation to the Pension Fund Committee for inclusion in the Lancashire County Pension Fund Annual Report, using the written resolution procedure is noted.
2. That the subsequent amendment and approval of the Annual Report 2020/21 by the Pension Fund Committee on the 18th June 2021 be noted.

#### **Background and Advice**

In response to the Covid-19 pandemic the Board agreed a written resolution procedure which would enable decisions to be taken between scheduled 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.

#### **The Written Resolution Procedure**

In the event that a decision needs to be taken between scheduled meetings of the Board all Employer/Scheme Member representatives are consulted by email on the proposal and asked to indicate whether or not they support the 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.

### **Approval of the Lancashire Local Pension Board Annual Report 2020/21**

At the meeting on the 20<sup>th</sup> April 2021 the Board approved the draft Annual Report and recommended it to the Pension Fund Committee for approval and inclusion in the Lancashire County Pension Fund Annual Report for 2020/21. However, an error was then identified in the approved document regarding Board member attendance at training events. An updated version was circulated and approved by the Board using the written resolution procedure and recommended to the Pension Fund Committee for approval and inclusion in the Lancashire County Pension Fund Annual Report 2020/21.

At the meeting on the 18<sup>th</sup> June 2021 the Chair of the Pension Board informed the Committee that following a discussion that morning with a representative of the Local Pensions Partnership he had agreed to amend the second paragraph under 'Activities' in the Annual Report. The amendment was read out to the Committee and the Chair stated he would confirm the wording of the amendment with the Chair of the Pension Board after the meeting.

#### **The Committee Resolved:**

1. That the second paragraph under the heading 'Activities' in the Annual Report presented at Appendix 'A' be replaced with the following wording:

'The separation of LPP's administration and investment functions into two units, Local Pensions Partnership Administration (LPPA) and Local Pensions Partnership Investments (LPPI), has led to some changes. The Board is supportive of the decision to create two more focused entities under the Local Pensions Partnership (LPP) and believes it will benefit the Fund through more efficient service provision on both sides. However, we will remain alert to the need to assure ourselves that the Fund receives value for money from the new arrangements.'

2. That, subject to the amendment specified at 1 above, the 2020/21 Annual Report of the Lancashire Local Pension Board, as set out at Appendix 'A' of the report presented, is approved for inclusion in the Lancashire County Pension Fund Annual Report.

A copy of the final version of the 2020/21 Annual Report of the Lancashire Local Pension Board is attached as Appendix 'A' to this report with the amended text highlighted for ease of reference.

#### **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		



## **Lancashire Local Pension Board – Annual Report 2020/21**

The Lancashire County Pension Fund's Local Pension Board (the Board) has been up and running for nearly six years. As a reminder to readers, our legal duty is to assist the Pension Fund Committee (the Committee) and we are not an executive body. Because Board members explicitly represent either employers or scheme members, we also have a representative role in the governance structure of the Fund.

After six years, the Board has established an effective way of using its members' expertise to add value to the Committee's work. We create an annual Work Plan to ensure that we cover all the activities we should and that our workflow is aligned with that of the Committee. 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 which requires a response.

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 County Councillor Pope (Chair of the Committee) regularly and participated in as many Committee meetings during the year as I was able to. We also regularly welcome County Councillor Pope to meetings of the Board, and I can confidently assert that the two bodies work closely together.

This year has been extraordinary because of the various restrictions imposed as a result of the Covid-19 pandemic. At an operational level the Fund, and to a large extent the Local Pensions Partnership (LPP) staff who provide the bulk of services to the Fund, have worked from home. Our focus this year has therefore been on monitoring the maintenance of service levels to employers and members. I discuss this in more depth later on.

### **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 a maximum eight-year term, except for the Chair whose period of office is four years. Apart from the Chair, none of the Board members are remunerated other than for expenses incurred in attending meetings or training.

During the year, there were two changes to the membership of the Board. County Councillor Matthew Salter replaced County Councillor Peter Britcliffe as one of Lancashire County Council (LCC) representatives and after the meeting in January 2021 Keith Wallbank, a Scheme Member representative, resigned. Following advertisement and interviews, this vacancy is to be filled by Kevin Ellard, who will

attend his first meeting in July 2021 following formal approval of the appointment by full Council. I would like to thank Peter and Keith for their time on the Board.

The Board had to cancel its April 2020 meeting because County Council policies imposed under the pandemic restrictions did not at that time allow meetings either in person or by webinar. Instead reports for information that would have been discussed at the meeting, including our regular activities, matters considered by the Committee and an update on administration and investments during the pandemic, were circulated to all members by email.

All four meetings in the period covered by this report were held by webinar and we have in place a process for making decisions electronically where that is required. Like many other organisations, we have found that virtual meetings are not as satisfactory as face to face but it has been possible for us to fulfil our duties. They have, however, made it easier for Fund Officers or other presenters to attend our meetings to support the reports on the agenda. We hope to be able to return to in-person meetings in July 2021.

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 £8,649.15.

#### **Attendance of Board members at meetings.**

Each year the Board agrees a programme of four meetings, the first being in July followed by meetings in October, January and April so that each Board meeting follows a meeting of the Pension Fund Committee. Details of individual members' attendance at Board meetings together with in year changes to the membership of the Board, are set out below.

<b>Name</b>	<b>Representing</b>	<b>14<sup>th</sup> July 2020</b>	<b>13<sup>th</sup> October 2020</b>	<b>19<sup>th</sup> January 2021</b>	<b>20<sup>th</sup> April 2021</b>
W Bourne	Independent Chair	✓	✓	✓	✓
County Councillor M Salter	Employer rep – LCC	✓	✓	✓	✓
T Pounder	Employer rep - LCC	✓	Apologies	✓	✓
S Thompson	Employer – Unitary, City, Borough, Police & Fire	✓	✓	✓	Apologies
C Gibson	Employer rep - Others	✓	✓	✓	✓
K Haigh	Scheme Member rep	✓	✓	✓	✓
Y Moulton	Scheme Member rep	✓	✓	Apologies	✓
D Parker	Scheme Member rep	✓	✓	✓	✓
K Wallbank	Scheme Member rep	✓	✓	✓	Resigned

## **Changes to the membership of the Board**

County Councillor M Salter replaced County Councillor P Britcliffe as an employer representative (Lancashire County Council) on the Board in June 2020. Subject to approval by full council Mr K Ellard will fill the vacancy for a scheme member representative on the Board following the resignation of Mr K Wallbank on the 20<sup>th</sup> January 2021

## **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 efficiency review, which becomes an agenda item at our next meeting. Internal training workshops during this year were conducted by webinar in conjunction with the Committee, with recordings being made available for those unable to attend. This appeared to increase participation levels considerably and in future the majority of Fund training is likely to be done in this way. Board members will still have opportunities to attend external training events during the year and are expected to complete the online training modules from The Pension Regulator's Public Service toolkit.

### **Internal training workshops**

July 2020 - Asset safety and cyber security.

September 2020 - Feedback from the Investment Panel following review of the LCPF Funding Strategy Statement

November 2020 - The new responsible investment Dashboard report for Pension Fund Committee.

January 2021 - Update from Local Pensions Partnership Administration.

February 2021 - Local Pensions Partnership Budget.

March 2021 - Local Pensions Partnership Communications and the new LCPF website.

Note - The Board also received a presentation in advance of the meeting on the 13<sup>th</sup> October 2020 regarding internal audit assurance over the Lancashire County Pension Fund.

The table below shows the number of internal/external training events which individual Board members have attended during the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021.

Name	Internal events	External Events
W Bourne	6	1
County Councillor M Salter	6	0
T Pounder	5	0
S Thompson	5	0
C Gibson	3	1
K Haigh	7	0
Y Moulton	6	0
K Wallbank	3	0
D Parker	8	1

Note – the number of external events held during 2020 was significantly reduced due to the Covid-19 pandemic though some events were held remotely.

Further information about the Board, including minutes and public papers, can be viewed on the Lancashire Pension Fund website at the following link - [lancashirecountypensionfund.org.uk](http://lancashirecountypensionfund.org.uk)

## Activities

The year was dominated by the challenges presented to all pension funds by the Covid-19 pandemic. The Local Pension Partnership (LPP) responded admirably to the national imposition of working from home. While there was some impact in the initial months as processes were re-organised, their administration team were quick to adapt to the new working environment. The Board received regular updates at meetings and between them in the early days.

The separation of LPP's administration and investment functions into two units, Local Pensions Partnership Administration (LPPA) and Local Pensions Partnership Investments (LPPI), has led to some changes. The Board is supportive of the decision to create two more focused entities under Local Pensions Partnership (LPP) and believes it will benefit the Fund through more efficient service provision on both sides. However, we will remain alert to the need to assure ourselves that the Fund receives value for money from the new arrangements.

Regardless of the consequences of the pandemic, the core of the Board's work remains one of oversight. At every meeting, we look at any breaches of the regulations and consider the Key Performance Indicators agreed with LPP as indicators or performance levels. I mentioned last year that we were looking for a full review of these and during the year LPPA developed considerably more detailed Key Performance Indicators which have improved our ability to monitor and comment on the data. This 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 LPPA's performance properly.

Over the year, in our scrutinising role alongside the Committee, we reviewed the Fund's Responsible Investment Policy, compliance with the Stewardship Code and The Pension Regulator's Code of Practice, the Risk Framework, the Governance Statement, and the Admissions and Terminations policy. 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.

We have spent significant time on the Internal Audit function. Our concern here, which I have mentioned in previous reports, is that the assurance statements we receive from LPP (in future LLPA and LPPI) depend on their internal control processes and functions operating correctly. We are not able to see the detail of LPP's own internal audit reports and the scope of the County Councils internal audit of the Fund's operations does not cover LPPA, where the bulk of the work is done. In the absence of any independent verification the Board can only place partial reliance on LPP's assurance statements. We therefore proposed the commissioning of an external report to provide us with independent assurance on LPP's internal controls. At the time of writing an initial update on progress is expected to be presented to the Board in April 2021.

One of the Board's formal objectives is to assist the Committee in ensuring the Fund is managed efficiently and effectively. As part of this we review changes to the risk register at every meeting and have offered some suggestions on the format so that it is able to provide timely pointers where the Committee should focus its attention. This is still a work in progress, but I believe it will, in due course, form another part of the continuous improvement in the Fund's governance.

A lot of regulatory change is expected in the next year. The Pensions Regulator is reviewing the Code of Practice 14 which the Local Government Pension Scheme falls under and has launched a consultation on its proposal to combine it with nine other codes covering pension funds. The Ministry for Housing, Communities and Local Government is also expected to publish new guidance on maintaining investment strategy statements, including further requirements on pooling in 2021. The recommendations made in the Scheme Advisory Board's Good Governance project are likely to be implemented in separate new statutory guidance. Finally, new legislation is expected to increase the requirements to disclose pension funds' exposure to climate change risks.

The Board's role will be to act as a second pair of eyes to help the Committee ensure the Fund is compliant with these changes as they become legal or regulatory requirements.

Under the Board's Terms of Reference, I am required to make a statement in respect of my annual review of the Board's effectiveness. I conducted this in January 2021, and the recommendations I made were relatively minor as reported to the Board in April 2021. I believe the Board operates effectively and efficiently and is able to fulfil its legal and regulatory requirements fully.

I would like once again to finish by thanking the officers at the County Council who support us in our duties, and in particular to thank Abbi Leech (Head of Fund) who left the Council towards the end of 2020, Michelle King who took over as Interim Head of Fund and welcome Sean Greene who has recently been appointed to the role. As part of the annual review I speak individually to each Board member and I can record full agreement that in a year which was more challenging than most we have been ably and effectively supported by the whole team. I am again delighted to recognise that publicly in this report.

**William Bourne**, Independent Chair of the Lancashire Local Pension Board  
April 2021



# Agenda Item 13

(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



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# Agenda Item 14

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# Agenda Item 15

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# Agenda Item 16

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# Agenda Item 17

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# Agenda Item 18

(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)

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