

Lancashire County Council

Lancashire Local Pension Board

Hybrid meeting held on Tuesday, 18th January, 2022 in the Savoy Suite 2 in The Exchange, County Hall, Preston and via MS Teams, starting at 2.00pm

Agenda

Part I (Open to Press and Public)

No.	Item	
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|-----|---|-----------------|
| 1. | Welcome and Apologies | |
| 2. | Disclosure of Pecuniary and Non-Pecuniary Interests | |
| 3. | Minutes of the Last Meeting. | (Pages 1 - 10) |
| | To be confirmed and signed by the Chair. | |
| 4. | Feedback on training. | (Pages 11 - 12) |
| 5. | Change to Death Grant Policy | (Pages 13 - 22) |
| 6. | Regulatory Update | (Pages 23 - 28) |
| 7. | Appeals Update | (Pages 29 - 32) |
| 8. | Communications Update | (Pages 33 - 42) |
| 9. | Lancashire County Pension Fund Breaches Report | (Pages 43 - 46) |
| 10. | LCPF compliance with the requirements of the Pension Regulator | (Pages 47 - 64) |
| 11. | Part I reports considered by the Pension Fund Committee | (Pages 65 - 66) |
| 12. | 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.

13. 2022/23 Programme of meetings (Pages 67 - 68)

14. Date of Next Meeting

The next scheduled meeting of the Board will be held at 2.00pm on the 26th April 2022 in The Exchange at County Hall, Preston.

15. Exclusion of Press and Public

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

Part II (Not Open to Press and Public)

16. Local Pensions Partnership Administration - Update (Pages 69 - 74)

17. LCPF Risk Update (Pages 75 - 90)

18. Part II reports considered by the recent Pension Fund Committee (Pages 91 - 92)

L Sales
Director of Corporate Services

County Hall
Preston

Agenda Item 3

Lancashire Local Pension Board

Minutes of the Meeting held on Tuesday, 19th October, 2021 at 2.00 pm in the Jordan Suite in The Exchange at County Hall, Preston.

Present:

Chair

William Bourne

Board Members

Tony Pounder, Employer representative - LCC

County Councillor Matthew Salter, Employer representative - LCC)

Steve Thompson, Employer representative - Unitary, City, Boroughs, Police and Fire

Carl Gibson, Employer representative - Other Employers

Kathryn Haigh, Scheme Member representative

Yvonne Moulton, Scheme Member representative

Deborah Parker, Scheme Member representative.

Kevin Ellard, Scheme Member representative

In attendance:

County Councillor Alan Schofield -
Laura Sales -

Chair of the Audit, Risk & Governance Committee.
Director of Corporate Services & Monitoring Officer,
Lancashire County Council

Sean Greene –
Colin Smith -

Head of Pension Fund, Lancashire County Council.
Technical Adviser Pensions, Pensions Team,
Lancashire County Council

Mukhtar Master -

Governance & Risk Officer, Pensions Team,
Lancashire County Council

Mike Neville -

Senior Democratic Services Officer, Lancashire
County Council.

Jo Darbyshire -

Managing Director, Local Pensions Partnership
Administration.

1. Welcome and Apologies

The Chair welcomed everyone to the first physical meeting of the Board to be held since January 2020. It was reported that whilst no apologies had been received Mr C Gibson and Mr T Pounder had been delayed but would join the meeting in due course.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

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

Mr Gibson joined the meeting at this point.

3. Minutes of the Last Meeting.

Mr Neville informed the Board that a report would be presented to Full Council in December 2021 seeking approval to the appointment of Mr Glyn Peach, Chief Digital Officer, as the Lancashire County Council Employer representative on the Board who would replace Mr Pounder with effect from 19th January 2022.

As this was the first physical meeting of the Board to be held since January 2020 the Chair had earlier signed the agreed Minutes of previous meetings up to the 20th April 2021.

Resolved: That the Minutes of the meeting held on the 6th July 2021 are confirmed as an accurate record and signed by the Chair.

4. Feedback from members of the Board on pension related training.

A report on training involving Board members since the last meeting was presented which included reference to an internal workshop on responsible investment on the 6th October 2021 in which the Chair, County Councillor M Salter, Ms D Parker, Mr K Ellard, and Mr T Pounder had all participated. Members of the Board reported that the workshop and another on the 1st September 2021 regarding the Fund Annual Report and accounts had been well presented and informative.

Mr Gibson reported that the CIPFA online training event for Pension Board members on the 28th September had also been useful.

In response to a suggestion that future training be done face to face Mr Neville reported that holding online pension related workshops had resulted in a significant increase in take up by members of both the Board and Pension Fund Committee and would continue. However, it was recognised that hybrid workshops, where participants could attend a physical event or dial in remotely if they wished, could also be explored.

Resolved:

1. That the feedback given at the meeting in relation to the training received by members of the Board is noted.
2. That the 2021/22 Training Record be updated to show that the Chair, County Councillor M Salter, Ms D Parker, Mr K Ellard, and Mr T Pounder had all participated in the 6th October 2021 workshop on responsible investment.
3. That arrangements be made to trial a hybrid approach to a future training workshop.

5. Part I reports considered by the Pension Fund Committee

The Head of Fund presented a report on items considered by the Pension Fund Committee on the 17th September 2021 under Part I of the agenda.

The Board discussed the Lancashire County Pension Fund Debt Management Policy and agreed that it was a clear, concise document which would help with transparency around decision making and noted that engagement with Local Pensions Partnership Administration on this had taken place. The Board was also informed that the Lancashire County Council Debt Management Policy had been considered by the Audit Risk and Governance Committee.

Resolved: That the Part I reports considered by the Pension Fund Committee on the 18th June 2021 are noted.

Mr Pounder joined the meeting at this point

6. Regulatory Update

Mr C Smith, Technical Adviser Pensions from the Pensions Team, presented a report which updated the Board on various pensions related regulatory issues.

Regarding a recent consultation on draft regulations requiring occupational pension schemes to further engage with members aged 50 or above when they applied to access or transfer out benefits to access them, the Board noted that clarification would be sought as to whether the regulations would apply to the public sector.

Mr Smith informed the Board that the cost cap mechanism (which takes place after every valuation and allows for scheme benefit changes should that overall cost of the LGPS increase or decrease by 2%) had, following the 2016 valuation, initially been paused. The initial cost cap valuation in 2016 had shown a decrease in the overall cost of more than 2% and therefore would normally trigger benefit changes within the LGPS, however it was acknowledged that the costs associated with implementing changes resulting from the McCloud judgement had not been taken into account. A costing exercise by the Scheme Advisory Board had now indicated that taking account of those additional costs associated with McCloud judgement would now actually only reduce the overall LGPS cost by 0.1%. As such the Scheme Advisory Board had agreed not to recommend any scheme changes under the cost cap mechanism.

In terms of the McCloud judgement itself, draft regulations were expected to be published later this year with an expectation that scheme regulations would come into force on 1st April 2023. It was noted that an internal training workshop for Board members on the McCloud judgement would be held at 10.00am on the 6th December 2021.

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

7. Update on Lancashire Local Pension Board Workplan

The Head of Fund presented a progress report in relation to activities undertaken to date by the Pension Board as detailed in the 2021/22 workplan. It was reported that once the revised Responsible Investment Policy for the Fund had been approved a

future review would be added into the work plan and a draft Discretions policy would be brought to the Board for comment early in the New Year.

In considering the workplan the Board asked that the contents be reviewed to ensure that elements from the three-year Work Plan section were cross referenced with the Annual Plan section to ensure that items were not overlooked.

Resolved: That, subject to the three-year Work Plan being cross referenced with the 2021/22 Annual Plan to ensure that items were not overlooked, the Board note the workplan set out at Appendix 'A' to the report and the updates provided at the meeting.

8. Lancashire County Pension Fund Breaches Report

Mr Master, Governance and Risk Officer from the Pension Fund Team, reported that during the period July to September 2021 there had been one breach relating to contribution payments and three data breaches, none of which had been deemed significant enough to warrant reporting to the Information Commissioner. He also informed the Board that there had been one Code of Practice 14 breach during the period covered by the report though it had not been considered significant enough to require reporting to the Pensions Regulator and corrective action had been taken as soon as the breach had been identified to minimise or prevent a future recurrence.

Resolved: That the summary of the Lancashire County Pension Fund Breaches Log for the period, 1st July 2021 to 30th September 2021, as set out in the report presented, is noted.

9. The Pensions Regulator - Public Service Governance and Administration Survey 2020/21 - Research Report

The Board considered a report which summarised the Pension Regulator's survey findings in relation to governance and administration practices among public service pension schemes. The Head of Fund informed the Board that the Lancashire County Pension Fund had performed well against the results of the six key processes and was in line with or exceeded governance and administration practice results (including Pension Board governance, risk management, record keeping and annual benefit statements).

Resolved: That the report is noted and that a link to the Pension Regulator's survey findings be made available to members of the Board and the Pension Fund Committee via the online pension library for future reference.

10. Communications Update

Mr Master, Governance and Risk Officer from the Pension Fund Team, presented a report which updated the Board on activity regarding communications by both the Local Pensions Partnership Administration Limited's (LPPA) Engagement and Communications Team and, the Pension Fund Team.

It was reported that due to the size of the Fund Annual Report it was intended to produce a separate summary document which would highlight key areas of activity and performance that were relevant to scheme members. The Board noted that a copy of the summary document would be presented to the next meeting for information.

How the Fund could communicate directly with scheme members was discussed and it was suggested that consideration be given to reintroducing the annual Scheme Members Forum which had not been held due to Covid-19. Use of letters and online communications were also discussed and the Board recognised that any activity would need to compliment the work of the Local Pensions Partnership Administration and that use of the Fund branding was preferred.

Resolved: That the report is noted, and a copy of the draft summary document associated with the Lancashire County Pension Fund Annual Report and Accounts be presented to the next meeting of the Board for information.

11. Urgent Business

No items of urgent business were raised at the meeting.

12. Date of Next Meeting

It was noted that the next scheduled meeting of the Board would be held at 2.00pm on the 18th January 2022 in the Ribble Suite in The Exchange at County Hall, Preston.

13. 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 paragraph of Part 1 of Schedule 12A to the Local Government Act, 1972, as indicated against the heading of each item. It is considered that in all the circumstances the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The Chair informed the Board that he would take item 16 on the agenda as the next item of business so that the Managing Director of Local Pensions Partnership Administration, could present her report and leave the meeting.

14. Local Pensions Partnership (Administration) Audit Assurance and Project Pension Administration Core Evolution (PACE)

(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 Managing Director of Local Pensions Partnership Administration updated the Board on the phased implementation of the Pension Administration Core Evolution (PACE) project which would include the Fund in September 2022. The Board discussed elements of the project and noted that it was intended that Local Pensions Partnership Administration commission an independent audit to provide assurance on key elements as the project progressed.

The Board considered the specific responses from the Head of Risk & Compliance at Local Pensions Partnership Administration relating to the management action points on the verification of identity and bank details, checking process and system access reviews from the Internal Audit as reported to the previous meeting. The Managing Director also explained how in the future the Company would provide independent audit assurance to both the Board and Pension Fund Committee in the short and longer term. The Board was reassured that the Annual Audit Assurance Report produced internally by the Local Pensions Partnership Administration Risk & Compliance Team and the longer-term move towards Audit & Assurance Faculty (AAF) reporting would provide the desired level of assurance.

In the interim, the Managing Director of Local Pensions Partnership Administration confirmed that Deloitte will undertake a review of the Annual Audit Assurance Report produced internally by the Local Pensions Partnership Administration.

The Board also discussed communications/engagement with the membership of the Fund and the limitations (at least in the short term) of balancing the standardised approach of Local Pensions Partnership Administration with the need for more customised communications which were specific to the Fund and branded as such.

Resolved:

1. That the Board be informed of the findings of any independent audit of the Pension Administration Core Evolution project.
2. The Board recognise that whilst some recommendations from the Internal Audit have been addressed directly others will be covered by the implementation of project PACE. Consideration has also been given to additional mitigating measures though they had been determined by the Local Pensions Partnership Administration as too costly and will be addressed in the longer term by project PACE.
3. That the Terms of Reference for any external audit by Deloitte of the Local Pensions Partnership Administration Annual Audit Assurance Report be shared with Board members for information.

The Managing Director of Local Pensions Partnership Administration left the meeting at this point.

15. Responsible Investment Report

(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 Board considered a report on the ongoing review of the Fund's Responsible Investment Policy by a Task and Finish Group appointed by the Pension Fund Committee. A copy of the current working draft of the policy was presented and Board members made some initial comments on the contents. The Head of Fund suggested that any detailed comments be forward to him outside of the meeting so that they could be taken into consideration by the Group before recommendations are presented to the Pension Fund Committee.

It was also suggested that consideration be given to a more frequent review of the Responsible Investment Policy as responsible investment is an evolving area with pensions.

Resolved:

1. That the work to date by the Task and Finish Group to review the LCPF Responsible Investment Policy is noted.
2. That Board members forward any specific observations on the current draft of the Responsible Investment Policy to the Head of Fund before the 22nd October 2021 so that they can be taken into consideration by the Group before final recommendations are presented to the Pension Fund Committee in November 2021.

16. Annual Report on Cyber Security

(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 which summarised the position in relation to cyber security of the Lancashire County Pension Fund.

The Board noted that based on the position statements provided by the County Council, Local Pensions Partnership and the Custodian the Fund was reassured that partners were proactively managing their cyber security risk and recognised that further work would be undertaken to ensure that specific information is provided on the measures partners have in place to ensure adequate risk management from a Fund perspective.

Resolved: That the report is noted, and arrangements be made for Board members to receive training on cyber security in 2022/23.

17. 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).

A report was presented on risk management associated with the Fund which included the changes to reporting associated with the Risk Register as discussed at the previous Board regarding a template for updating all risks and a heat map of all Fund risks mapped against the risk matrix.

The Board welcomed the new style reporting which had been developed in conjunction with the Local Pensions Partnership, Lancashire County Council and the Fund's Independent Investment Advisers. Certain risks identified in the report and the associated ratings were discussed and it was also noted that some risks for the Fund had implications for the County Council and may need to be referenced in the Corporate Risk Register.

Resolved:

1. That the contents of the Lancashire County Pension Fund Risk Register, as set out in the report presented, are noted and that Officers be congratulated on the work undertaken over the last 12 months to review risk reporting.
2. That future reporting to the Board includes an explanation of the rationale behind new or updated risk ratings.
3. That the Head of Fund explore how best to obtain more detailed consideration of the Lancashire County Pension Fund Risk Registers by specific members of the Board and report back to the next meeting.

18. Part II reports considered by the 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 four items considered by the Pension Fund Committee on the 17th September 2021 under Part II of the agenda. The Board discussed the decision to award one of the Independent Investment Advisers to the Fund a new 3-year contract and the Head of Fund reported that the Committee had agreed the extension as continuity in the role was considered essential for the Fund to ensure a continuing level of expertise and advice regarding pensions investments.

Regarding the Local Pensions Partnership Update the Board noted that earlier in the meeting the Managing Director of the Local Pensions Partnership Administration had confirmed that the Company had performed well against key performance indicators. The prioritising of resources in response to demands associated with the pandemic and wording of correspondence regarding retirement had also been discussed.

Resolved:

1. That the reports considered by the Pension Fund Committee on the 17th September under Part II of the agenda and associated decisions are noted.
2. That the Board be provided with:
 - a) examples of current standard correspondence from Local Pensions Partnership Administration to scheme members regarding retirement, and
 - b) a breakdown of the percentage of payments made outside 30 days of the date of retirement.

County Hall
Preston

L Sales
Director of Corporate Services

Lancashire Local Pension Board

Meeting to be held on Tuesday, 18 January 2022

Electoral Division affected: None;

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

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

Below is a list of pensions related external conferences/events or internal workshops 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.

28th October 2021 - Overview of the Local Government Pension Scheme Webinar. Attended by Ms D Parker

6th December 2021 - Internal Workshop on McCloud. Attended by W Bourne, S Thompson, C Gibson, Ms Y Moulton, Ms K Haigh Ms D Parker, and K Ellard.

6th December 2021 - Internal Workshop update on the Investment Service Based Review. Attended by W Bourne, S Thompson, Ms K Haigh Ms D Parker, and K Ellard.

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 Conference as approved by the Head of Fund under the Scheme of Delegation to Heads of Service		Mike Neville 01772 533431
Attendance sheet for internal training events.	6 th December 2021	Mike Neville 01772 533431

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

Lancashire Local Pension Board

Meeting to be held on Tuesday, 18 January 2022

Electoral Division affected: (All Divisions);
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Lancashire County Pension Fund - Death Grant Policy

(Appendices 'A', 'B' and 'C' refer)

Contact for further information:

Julie Price, 01772 530848, Senior Technical Pensions Officer, Lancashire County Pension Fund, Julie.Price5@lancashire.gov.uk

Executive Summary

The purpose of this report is to propose specific changes to the Death Grant Policy and seek comments from the Board on those changes. The final Death Grant Policy will be submitted to the Pension Fund Committee for approval in March 2022.

Recommendation

The Board is asked to review and comment on the proposed Death Grant Policy set out at **Appendix 'A'**.

Background and Advice

The Local Government Pension Scheme (LGPS) regulations provide for individual funds to set their own discretionary policies in certain areas. One of the non-mandatory policies the fund has is the Death Grant Policy, which was last reviewed in January 2016.

The existing policy (at **Appendix 'B'**) has worked well but requires updates in response to changes in the structure and roles/job titles of both the Pension Fund Team and Local Pensions Partnership Administration Ltd (LPPA), as well as difficulties in setting up child trust funds to the age of 25 which is the current policy in some cases. This has prompted an overall review of the policy, which takes into account experience of actual cases and situations which may arise.

To summarise the changes under the new headings –

- **Determination of Beneficiary** – this section is now a discreet section which gives guidance on how to prioritise each of the circumstances which may apply to each case, but still gives the freedom (where the decision maker is the Technical Pensions Lead) to use discretion where cases are complex. It references the possible beneficiaries under LGPS regulations 40, 43 and 46 in the first sentence of section 1. It removes reference to next of kin which is not a legally defined term, and instead refers to payment of dependant's

pensions (which will cover co-habiting partners, civil partners, and children's pensions), children and other relatives.

- **Delegation** – A new section which makes clearer where LPPA can make a decision. In all other cases the decision will be taken by the Technical Pensions Lead. Under the existing policy in practice, LPPA tend to refer decisions to the fund where they consider there is any ambiguity, but the draft new policy clarifies this. In addition, in practice complex cases delegated to the Technical Lead are always discussed with the Head of Fund, and this will continue.
- **Arrangements for Children/Young Adults below the age of 21 at time of payment** - The existing policy states that monies will be paid to a Trust fund in exceptional circumstances, but in practice a trust fund is always requested where the payment is over £5k. In addition, in practice it is difficult to set up a trust to be active until age 25. These points have been addressed in the draft policy, and this section now removes the cliff edge which currently exists where a child was 17 years and 11 months and payment was placed in a trust until 25, whereas if they were 18 years and 1 month they could receive payment immediately.

Under this heading, the Pension Board are invited to consider whether there should continue to be a distinction in payment value according to whether the payment is to be placed in trust for a child/young adult under age 21 or under age 18, given that payments can be released by the Trustees in any case before the young person reaches this age. Should all payments over £5,000 be placed in trust to age 21?

- **Payments to the Estate** – the term "letters of representation" has been replaced with "Grant of Probate or Letters of Administration". **Appendix 'C'** gives a summary of the regulations which cover this area.

Changes to the policy have been shared with LPPA and they are supportive of the changes.

Lancashire County Council's Standing Orders state that the Death Grant Policy will be approved by the Pension Fund Committee, and it is intended to request approval of the final policy at the meeting on 11 March 2022.

Consultations

Local Pensions Partnership Administration Limited

Implications:

This item has the following implications, as indicated:

Risk management

This Death Grant Policy gives a framework for appropriate delegation and decision making to take place where death grants become payable. Having a robust policy in place will ensure that decisions are reasonable and consistent.

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

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A

Payments following death policy

The following procedures shall apply in relation to the payment of death grants (to include AVC lump sum payments due on death where that AVC was taken out on or after 1 April 2014):

Determination of Beneficiary

1. Payment of the death grant will be made to or for the benefit of a member's nominee(s), personal representatives or any person or persons appearing to the authority to have been a relative or dependent of the member. The decision will take account all the relevant circumstances of a particular case, including the following scenarios which will be considered in the following order –
 - There is a clear, effective and valid nomination in respect of the death grant by the Scheme member
 - A dependant's pension is payable
 - There are other dependants (e.g. a cohabiting partner who was not in a position to marry so does not meet the criteria for a survivor pension)
 - There are children
 - There are other relatives
 - There is a personal representative who has legal authority to administer the Estate;
 - There are no valid beneficiaries and payment is to be made to the Duchy of Lancaster

In all cases the payment of the death grant will be made at the absolute discretion of Lancashire County Council as the administering authority.

Delegation

2. The payment of death grants under the Local Government Pension Scheme Regulations shall be delegated to the Head of Fund, who will further delegate this responsibility to the Pension Fund's Technical Pensions Lead (unless paragraph 3 applies in which case it is delegated to the relevant individual at Local Pensions Partnership Administration Ltd.).
3. Where the death grant does not exceed £100,000 and there are no competing death grant claims, and
 - there is a valid nomination held on record with no evidence which may undermine that nomination (for example, a change in partnership status since the nomination was made), or
 - where there is a dependant's pension; or
 - there are children (satisfying the definition of a child under the LGPS regulations)

responsibility will be further delegated to the **Managing Director/Operations Director/Technical Manager (to be confirmed by LPPA)** of Local Pensions Partnership Administration Ltd.

Arrangements for Children/Young Adults below the age of 21 at time of payment

4. Where the death grant payable to an individual is £25,000 or greater the death grant will be paid into a child's trust fund which will be payable: -
 - On the child attaining age 21; or
 - On application under the terms of the Trust Deed, the Family Trustees may jointly agree with the Independent Trustee (if applicable), that a part of the child's trust fund shall be payable before the age of 21.

5. Where the death grant payable to an individual is under £25,000 and greater than £5,000 the death grant will be paid into a child's trust fund which will be payable:
 - On the child attaining age 18; or
 - On application under the terms of the Trust Deed, the Family Trustees may jointly agree with the Independent Trustee (if applicable), that a part of the child's trust fund shall be payable before the age of 18.

6. Where the death grant payable to an individual is under £5,000 the death grant will be paid to the child's parent / legal guardian for the benefit of the child.

Payment to the Estate

7. Where a pension scheme member dies and payments due from the Pension Fund do not exceed the Administration of Estates (Small Payments) Act, and the payment is being made to the Estate:
 - If a spouse, co-habiting or civil partner's pension is being paid there are no further documentation requirements
 - In all other instances a form of indemnity, Grant of Probate or Letters of Administration must be satisfactorily completed or produced before any payments can be made to the estate.

**Lancashire County Pension Fund – Death Grants Policy
(as at April 2014 and revised January 2016)**

The payment of death grants under the Local Government Pension Scheme Regulations shall be delegated to the Director of Financial Resources, who will further delegate this responsibility to the Head of Your Pension Service.

Determination of Beneficiary and Payment of Grant

- 1 To determine the beneficiary where the death grant does not exceed £100,000 and either:
- There is a valid nomination held on record;
 - The deceased is survived by a next of kin;
 - A nominated co-habiting or civil partner's pension is being paid;
 - Payment is to be made to the Estate; or
 - There are no valid beneficiaries and payment is to be made to the Duchy of Lancaster.

2 Arrangements for Children/Young Adults below the age of 18

- payment to be made to person/s with parental responsibility for the child/young adult;

Children/Young Adults above the age of 18

- payment to be made to the child/young adult;

In exceptional circumstances

Payment to be made as follows, at the discretion of the Head of Your Pension Service

Where the death grant payable to an individual is £25,000 or greater the death grant will be paid into a child's trust fund which will be payable:

- On the child attaining age 25; or
- On application under the terms of the Trust Deed, the Family Trustees may jointly agree with the Independent Trustee (if applicable), that a part of the child's trust fund shall be payable before the age of 25.

Where the death grant payable to an individual is under £25,000 and greater than £5,000 the death grant will be paid into a child's trust fund which will be payable:

- On the child attaining age 18; or

- On application under the terms of the Trust Deed part of the child's trust fund shall be payable before the age of 18; and
- Where the death grant payable to an individual is under £5,000 the death grant will be paid:

If the child is under age 16, to the child's parent / guardian for the benefit of the child; or

If the child has attained age 16, to the child.

3 Payment of Death Grants Without Letters of Representation

Where a pension scheme member dies and payments due from the Pension Fund do not exceed the Administration of Estates (Small Payments) Act:

- If a spouse, nominated co-habiting or civil partner's pension is being paid there are no further documentation requirements;
- In all other instances a form of indemnity or letters of representation must be satisfactorily completed or produced before any payments can be made to the estate.

Payments following death policy

Regulation References

There are a number of regulations which cover the payment of death grants. The 2013 regulations cover the CARE element of the benefits, with the earlier regulations and transitional provisions covering the final salary element of benefits.

The Local Government Pension Scheme Regulations 2013

17(12) – Discretion to pay AVC fund on death (where that AVC was taken out on or after 1 April 2014)

40 (2), 43 (2), 46 (2) – Discretion to pay death grants in respect of deceased active, deferred, pension credit and pensioner members

The appropriate administering authority may, at its absolute discretion, pay the death grant to or for the benefit of the member's nominee, personal representatives or any person appearing to the authority to have been a relative or dependent of the member.

82(2) - Whether to make payments due in respect of a deceased person to personal representatives or anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than amount specified in s6 of the Administration of Estates (Small Payments) Act 1965

Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007

23(2), 32(2), 35(2)

Local Government Pension Scheme Regulations 1997

155(4), 95, 38(1)

Local Government Pension Scheme Regulations 1995

E8

The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014

17(5) to (8)

The Local Government Pension Scheme (Administration) Regulations 2008

52(2)

Lancashire Local Pension Board

Meeting to be held on Tuesday, 18 January 2022

Electoral Division affected:
(All Divisions);

Regulatory Update

Contact for further information:

Colin Smith, 01772 534826, Technical Pensions Lead, 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. Public service Pensions: cost control mechanism consultation response

As reported at the last meeting the Government had committed to reviewing the cost control mechanism and a report setting out their response and proposals was published on 4 October 2021 highlighting three areas of reform for future cost control exercises. In effect there was no requirement for scheme changes following the cost control exercise undertaken at the 2016 valuation.

Shortly after this report, on 15 October 2021, the Scheme Advisory Board published their findings concerning the result of its cost management process for the 2016 valuation.

Although the Scheme Advisory Board reached agreement on how to include McCloud costs in the process in the summer, it was not able to publish the outcome until HM Treasury published the Cost Cap Directions 2021. The Board agreed to spread McCloud costs over a 10-year period (rather than the four years used in the HM Treasury process), resulting in an outcome of 19.4 per cent against a target cost of 19.5 per cent. Despite the slight shortfall in cost the Board will not recommend any scheme changes.

However, going forward the Board remain committed to revisiting tier three ill health, and contributions for the lowest paid members, and will make recommendations in these areas separate from the cost management process.

2. SF3 data published

On 27 October 2021, DLUHC published local government pension scheme statistics (SF3 statistics) for England and Wales: 2020 to 2021. The report contains information on Local Government Pension Scheme Funds expenditure, income, and membership for the financial year 2020-21 in England and Wales.

The key findings were:

- Total Local Government Pension Scheme (LGPS) expenditure in England and Wales in 2020-21 was £13.4 billion.
- Total LGPS income in England and Wales in 2020-21 was £17.2 billion.
- Employers' Contributions to the LGPS in 2020-21 in England and Wales amounted to £10.2 billion. Employees' contributions to the scheme were £2.4 billion.
- The market value of LGPS funds at end of March 2021 was £332.7 billion.
- The LGPS in England and Wales encompassed 6.1 million people at the end of March 2021. Of this number, 2.0 million are employees who still contribute to the scheme, 1.8 million are pensioners and 2.2 million are former employees who are entitled to a pension at some time in the future.
- There were 82,567 retirements from the LGPS in 2020-21

The full report can be accessed at the following link:<https://www.gov.uk/government/statistics/local-government-pension-scheme-funds-for-england-and-wales-2020-to-2021>

3. Finance (No.2) Bill 2021/22

On 2 November 2021, HM Treasury formally introduced the Finance (No.2) Bill 2021/22 to Parliament. The Bill includes several provisions that may affect the administration of the LGPS.

One of these was reported to the Board at the last meeting concerning the increase in the normal minimum pension age to age 57 from 6 April 2028.

Additionally, an extension to the mandatory scheme pays deadlines was introduced to enable members who have been granted a retrospective increase in their pension savings to ask the scheme to pay an annual allowance tax charge on their behalf where the increase has meant that they have exceeded the standard Annual Allowance in a previous tax year from tax year 2016/17 onwards.

Annual allowance tax charges potentially apply where the value of a member's pension benefits increase by more than £40,000 in a year.

4. Guidance on Transfer requests

As reported at the last Board meeting, a recent Department of Work and Pensions consultation which ended on 3 September 2021, focussed on draft regulations that will require occupational pension schemes, in most situations, to engage further with members aged 50 or above applying to access or to transfer out their benefits for the purposes of accessing their benefits.

On 8 November 2021:

- the Government published its Response to Pension scams: empowering trustees and protecting members consultation
- the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 [SI 2021/1237] were laid , and;
- the Pensions Regulator published guidance on dealing with transfer requests.

The regulations take effect from 30 November 2021 and introduce further legal restrictions on a member's statutory right to transfer. The regulations give administering authorities tools to act if they have suspicions about the circumstances that have led the member to request a transfer. The member will no longer be able to insist on a statutory transfer taking place in these circumstances.

These changes will affect the payment of cash equivalent transfers for:

- deferred members who request a statement of entitlement on or after 30 November 2021 (main scheme benefits only).
- AVC members who elect for payment of a transfer on or after 30 November 2021.
- pension credit members who elect for payment of a transfer on or after 30 November 2021 (main scheme and / or AVCs).

There are two key new measures introduced around decision making and disclosure, whereby the administering authority will be required to apply more diligence against pre-determined red and amber flags. If there are any red flags present, a transfer must not be paid. If there are any amber flags present, the transfer must be paused until the member can provide evidence that they have received pension scams guidance from MoneyHelper.

Further details around those flags are contained in the Pensions Regulator published guidance: <https://www.thepensionsregulator.gov.uk/en/pension-scams/dealing-with-transfer-requests#51215b60f7f64a078b47f895a8bc7782>

The regulations are significantly different from the draft regulations originally published with the consultation. As such the Local Government Association are currently putting together guidance to assist administrators to deal with these new requirements. LPPA are currently reviewing their transfer documentation and processes to account for these changes.

5. September 2021 CPI rate

On 20 October 2021, the Office for National Statistics announced the Consumer Prices Index (CPI) rate of inflation for September 2021 as 3.1%.

As such it is expected that this rate will be applied to LGPS active pension accounts, deferred pensions and pensions in payment as part of the pensions increase and revaluation processes in April 2022.

6. Prudential

Prudential representatives were recently asked to attend a meeting with the Scheme Advisory Board to discuss the significant drop in Prudential's service level in the past 18 months. The Scheme Advisory Board are particularly keen to see a recovery plan that includes timescales. As the Board are aware Prudential's performance has caused delays in the retirement process for members with AVCs.

Prudential has already reported itself to the Pensions Regulator because it has missed statutory deadlines.

In terms of the effect on the Lancashire Fund, LPPA have reported that whilst there are still delays for retirements with associated prudential AVC funds, those delays are much shorter than those cases reported earlier in the year. The situation continues to be monitored by LPPA and reported to the Fund.

Pensions Tax Relief

As part of the Autumn 2021 Budget, the Government responded to the call for evidence on pension tax relief administration. The response addressed the anomaly of the tax position for those who do not pay tax, based on what type of pension scheme they belong to. Individuals get tax relief on pension contributions as an incentive to encourage savings. Most defined contribution schemes operate relief at source. In a scheme that operates relief at source, contributions are deducted after tax and the scheme then claims back tax relief from HMRC. Members benefit from that tax relief even if they do not earn enough to pay tax.

In a net pay arrangement, such as the LGPS, pension contributions are deducted before a member's income is assessed for tax. This means that those who do not pay tax do not benefit from any tax relief. The Government will introduce a system from the 2024/25 year to allow low earners who are members of a scheme that operates a net pay arrangement to claim back a top-up payment. HMRC will identify and notify scheme members who are able to claim a payment. Payment will be made directly to the individual, but only if the person makes a claim.

Further guidance is expected around how this is to be managed by Funds and employers.

7. Section 13 report

On 16 December 2021, the Department for Levelling Up, Housing and Communities published the Government Actuary's Department review of Local Government Pension Scheme actuarial valuations as at 31 March 2019.

The report is required by section 13 of the Public Service Pensions Act 2013 and can be accessed at the following link. [GAD's report on the 2019 fund valuations](#)

The Government Actuary is required to review the actuarial valuations of LGPS funds under the Public Service Pensions Act 2013, reporting on whether the aims of compliance, consistency, solvency and long-term cost efficiency have been met.

The report outlines that LGPS funds had made "good progress" with relation to most of the recommendations made under the previous section 13 report but noted further work was needed on the clarity and consistency of actuarial assumptions as well as finding a common basis for academy conversions.

It also noted that the LGPS appeared to be in "a strong financial position" with assets of £291bn against liabilities of £296bn - a funding position that has improved markedly, from 85% to 98%, since the 2016 valuation, due in large part to strong asset returns.

However, the GAD report did include the following four recommendations to improve consistency and long-term cost efficiency among LGPS funds.

1. The LGPS Scheme Advisory Board for England and Wales should consider the impact of inconsistency on the funds, participating employers, and other stakeholders. It said it should specifically consider whether a consistent approach needs to be adopted for conversions to academies, and for assessing the impact of emerging issues including McCloud.
2. It recommended the advisory board consider how all funds ensure that the deficit recovery plan can be demonstrated to be a continuation of the previous plan, after allowing for actual fund experience.
3. GAD also recommended fund actuaries provide additional information about total contributions, discount rates and reconciling deficit recovery plans in the dashboard.
4. Finally, it recommended the scheme advisory board review asset transfer arrangements from local authorities to ensure that appropriate governance is in place around any such transfers to achieve long term cost efficiency.

The pensions team, in conjunction with Mercers, will consider the results of this report when progressing the 2022 valuation project. For example, the way that climate change risks are factored into funding strategy will be considered as the year proceeds.

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

N/A		
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Lancashire Local Pension Board

Meeting to be held on Tuesday, 18 January 2022

Electoral Division affected: (All Divisions);
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Appeals Update

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

Executive Summary

This report provides an update and broad analysis of appeals received under the Internal Disputes Resolution Procedure for the period 1st January 2021 to 31st December 2021.

Recommendation

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

Background and Advice

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

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

If the disagreement is not resolved at Stage 1, the individual can refer it to the Pension Fund for a decision at Stage 2. The nominated Appeals Officer for reviewing Stage 2 appeals is Colin Smith, Technical Pensions Lead for the Lancashire County Pension Fund.

Overview of stage 1

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

Overview of Stage 2

The applicant can ask the Pension Fund to take a fresh look at their complaint if they are not satisfied with the adjudicator's Stage 1 decision, or the applicant has not received the Stage 1 decision letter within certain deadlines.

The decision at Stage 2 must be given within 2 months (although again if there are specific reasons to do so a letter can be sent extending and revising this deadline). If the applicant is still unhappy following the Stage 2 decision, they can take their case to The Pensions Ombudsman for a formal determination provided they do so within 3 years of the event that gave rise to the initial complaint.

Analysis of appeals – 1st January 2021 to 31st December 2021

In general, the large percentage of appeal cases remains those linked to ill health issues, whether this is a dispute with the level awarded to the scheme member or where ill health retirement has been determined by the employer not to be appropriate for the scheme member.

The number of Stage 2 cases received during the year is broadly similar to that received last year. However there have been much less Stage 1 cases received for review, down from 28 cases last year to 15 cases in 2021. Only 2 cases, 1 at Stage 1 and 1 at Stage 2, were upheld. This reflects, in part, the support being offered to scheme employers by the Local Pensions Partnership and the Lancashire County Pension Fund team, particularly around the processes for ill health retirement and awareness of employer responsibility within the scheme in general.

Currently there is 1 case with the Pensions Ombudsman, who has determined that it is a case they believe can be investigated. The case relates to a regulatory issue around ill health and the Appeals Officer has submitted a response setting out that the position determined at Stage 1 and 2 of the Internal Dispute Resolution Procedure remains appropriate as the relevant scheme rules have been adhered to correctly.

A full breakdown of the case types and outcomes are set out below:

Stage 1 cases

Type of Case	Total	Breakdown
Received	15	12 - Ill-health 1 – Transfer out (Mis-selling) 1 - Transfer 1 - Retirement benefits
Upheld	1	1 – Ill Health
Dismissed	10	8 - Ill-health 1 – Transfer out (Mis-selling) 1 - Retirement benefits

Outstanding	4	3 – Ill Health 1 – Transfer (Late transfer)
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Stage 2 cases

Type of Case	Total	Breakdown
Received	9	5 - Ill-health 1 – Death Grant nomination 1 – Regulatory (Post retirement spouses' pension) 1 – Transfer out (Miss-selling) 1- Maladministration – (Incorrect final pay calculation)
Upheld	1	The Employer has been asked to review their ill health decision again as the IRMP had not been pushed for an opinion on the effect of future treatments.
Dismissed	7	
Outstanding	1	1- Maladministration – (Incorrect final pay calculation)

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, 18 January 2022

Electoral Division affected: N/A;

Communications Update

(Appendix 'A' refers)

Contact for further information:

Junaid Laly, 01772 532767, Senior Governance Officer,
Junaid.Laly2@lancashire.gov.uk

Executive Summary

This report provides the Board with a communications update from the Local Pensions Partnership Administration Limited's (LPPA) Engagement & Communications Team and also from the Pension Fund Team.

Recommendation

The Board is asked to note this report.

Background and Advice

LPPA Communication Update

LPPA provides communication and engagement services for the Lancashire County Pension Fund (LCPF) to all scheme members and employers.

The update from LPPA provides the Engagement Activities for Quarter 3 (October - December 2021) and is set out at Appendix 'A'.

The update provides information on the following activities:

- Employer Visits and Training;
- Update on staff changes;
- Member communications;
- Online member training;
- Online/Web Activity ;
- Planned Activity Q4 2021/2022.

Pension Fund Team Update

Member communications

LCPF Annual Report - The 2020/21 Annual Report has been published on the LCPF website which can be accessed by the link below:

<https://lancashirecountypensionfund.org.uk/media/1100/pension-fund-annual-report-2020-2021.pdf>

This year a summary document has been produced to give readers highlights of the annual report which can also be accessed on the LCPF website by the link below:

<https://lancashirecountypensionfund.org.uk/media/1101/pension-fund-annual-report-summary-2020-2021.pdf>

An email regarding the publishing of the annual report on the Fund website has been sent to employers through LPPAs communications team, encouraging employers to share both these documents with members.

Employer engagement

A directors briefing was held on 14th December 2021 with attendance by approximately 40 employers and presentations provided were as follows:

- Update on LCPF – Head of Fund
- Administration update – Managing Director of LPPA
- Actuarial Update – Mercer Actuaries

The presentations were followed by a Q&A session where questions raised focused on the forthcoming 2022 valuation.

The key focus on activity currently is working with LPPA to deal with outstanding leaver data. Relevant employers are being contacted to highlight the necessity of getting leaver forms up to date ahead of the valuation, and then to continue to submit forms promptly in line with the Pensions Administration Strategy Statement. Submitting data collection files promptly is also very important, and employers will be targeted where appropriate, however performance in this area is generally very good.

Consultations

Head of Engagement, Marketing and Communications, LPPA.
Head of Fund
Pension Fund Technical Team

Implications:

This item has the following implications, as indicated:

Risk management

The Fund has a statutory responsibility to communicate effectively with members and employers.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A



Local Pensions Partnership
Administration



WORKING
TOGETHER



FORWARD
THINKING



COMMITTED TO
EXCELLENCE



DOING THE
RIGHT THING

LPPA Engagement, Marketing & Communications Team Report December 21

Section 1

Engagement Activities Q3 2021/22 (Oct 21- Dec 21)

Section 2

Planned Activity Q4 2021/2022 (Jan 22- March 22)

This report provides an overview of activities undertaken by the LPPA Engagement, Marketing & Communications Team in the period October to December 2021 (to date), and some of the activities the team will undertaking with employers in the next 3 months.

Note this update doesn't include activities relating to project PACE, as these will be communicated separately.

Chris Dawson

Head of Engagement,

Marketing & Communications (LPPA)

LPPA Engagement, Marketing & Communications Team Report

1 Engagement Activities Q3 2021/22 (October 21 to December 21)

1.1 Employer Visits and Training

Date	Activity	Employer Name	Number Attended
01/10/2021	Employer Visit (R/A)	Blackpool Borough Council	2
04/10/2021	Employer Visit (support)	Preston College	1
05/10/2021	Employer training - 30 day notification	Blackpool & Fylde College	1
05/10/2021	Employer Visit (R/A)	Roseacre Primary	2
07/10/2021	Employer Visit (R/A)	Cidari Multi Academy	2
11/10/2021	Client meeting	Lancashire County Council	2
15/10/2021	Retirement Essentials (monthly)		12
19/10/2021	Employer training - Leaver essentials	Roseacre Primary Academy	2
19/10/2021	Employer training - Leaver essentials	Star Academies	1
19/10/2021	Employer training - Leaver essentials	Lancaster City Council	1
19/10/2021	Employer training - Leaver essentials	Ribble Valley Borough Council	1
19/10/2021	Employer training - Leaver essentials	Blackburn with Darwen Borough Council	1
19/10/2021	Employer training - Leaver essentials	Edge Hill University	2
19/10/2021	Employer training - Leaver essentials	The Lancashire Colleges	1
19/10/2021	Employer training - Leaver essentials	Cidari Education Ltd	1
19/10/2021	Employer training - Leaver essentials	Preston City Council	1
19/10/2021	Employer training - Leaver essentials	Blackpool & Fylde College	2
19/10/2021	Employer training - Leaver essentials	Blackburn College	3
20/10/2021	Employer training - 30 day notification	Anchorsholme Academy	1
20/10/2021	Employer training - 30 day notification	Wyre Borough Council	2
20/10/2021	Employer training - 30 day notification	Lancashire County Council	1
20/10/2021	Employer training - 30 day notification	Rosendale Borough Council	1
29/10/2021	Employer Visit (support)	LCC Payroll client team	4
02/11/2021	Employer Visit (support)	Blackpool & Fylde College	3
02/11/2021	Employer Visit (support)	Capita	4
10/11/2021	Employer training - Ill Health Awareness	Roseacre Primary (ATC Trust)	1
10/11/2021	Employer training - Ill Health Awareness	FCAT	1
10/11/2021	Employer training - Ill Health Awareness	Education Partnership Trust	1
10/11/2021	Employer training - Ill Health Awareness	Ribble Valley Borough Council	2
10/11/2021	Employer training - Ill Health Awareness	Lancashire County Council	1
10/11/2021	Employer training - Ill Health Awareness	Hyndburn Borough Council	1

24/11/2021	Employer Visit (support)	Blackpool & Fylde College	2
24/11/2021	Scheme Essentials (monthly)		13
25/11/2021	Employer Visit (support)	Blackpool & Fylde College	2
25/11/2021	Retirement Essentials (monthly)	Blackburn with Darwen	7
29/11/2021	Employer Visit (support)	FCAT	2

Summary of data table above:

19th October 21, Employer Scheme Leaver Essentials Training - attended by 11 LCPF employers (13 attendees)

10th November 21, Ill Health Awareness Training - attended by 6 LCPF employers (7 attendees)

Employer Visits are aimed at covering several Employer processes, and to provide support to improve overall performance (Employers identified as requiring support in the LCPF Employer Performance report). More recently, this includes discussions on improving the number of on-time retirement notifications (provided to LPPA at least 30 days before the members retirement date) as well as working to manage the number of outstanding leaver forms in preparation for Valuation.

1.4 Engagement Team Update

There have been new additions to the Engagement Team in Q3. Emma Hebblethwaite has been appointed as the new Operations Manager- Employer Engagement and will be the point of contact for the Engagement Team in the interim. There have also been three new Engagement Officers appointed to the team, further updates and plans for 22/23 will be communicated in the New Year.

1.5 Member Communications

There have been various communications sent in Q3 which have included topics as detailed below:

- Life is for Living (retirement campaign) email – a survey asking members to pass on their views of retirement in a single word, sentence, or image. There were over 12,000 responses (across all clients) and the LPPA Communications Team have since put together an online video & report outlining findings.
- An LGPS member panel has been set up with a view to getting more member insights. The panel meets quarterly and is continuing to grow. This presents a real opportunity to ensure LPPA communications are useful and relevant to members.
- Pension Awareness communications. A new web page has been set up to direct members to useful information relating to their pension.
- Emails were sent to members encouraging them to nominate a beneficiary (if they haven't done so already) through their My Pension Online Account.

1.6 Member Sessions

Member Scheme Essentials (online sessions)

These two-hour online sessions are aimed at Members to help improve their knowledge of their LGPS pension, whether they have recently joined the Scheme, or are approaching retirement. There have been 3 sessions in Q3. These are run monthly.

Member Retirement Essentials (online sessions)

These two-hour online sessions are aimed at Members who are reaching retirement age (age 55 and over) to help improve their knowledge of the retirement process and claiming their LGPS pension. There have been 3 sessions so far in Q3. These are run monthly.

Date	Subject	Numbers of LCPF members attending
15/10/2021	Retirement Essentials	12
26/10/2021	Scheme Essentials	9
15/11/2021	Retirement Essentials	11
24/11/2021	Scheme Essentials	13
14/12/2021	Scheme Essentials	20 currently booked
16/12/2021	Retirement Essentials	13 currently booked

Both the Member Scheme Essentials and the Member Retirement Essentials sessions are being delivered online by the Engagement team.

1.7 Ongoing Website Development

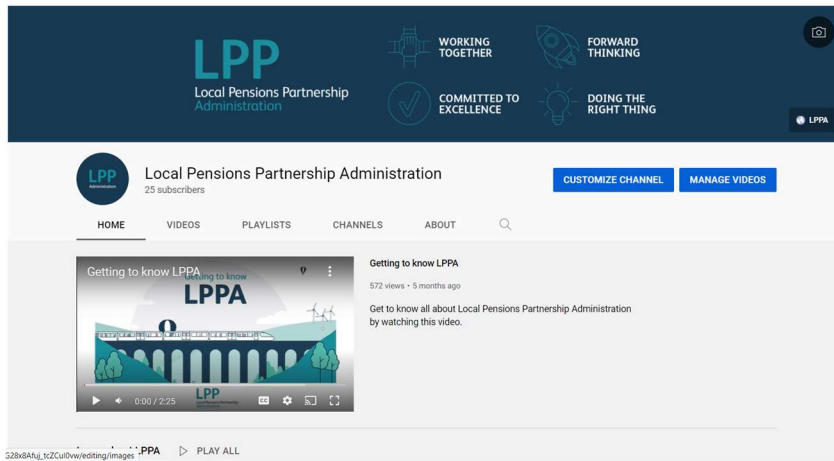
1. **More than just a great pension**– this video has been developed to explain to our members what a defined benefit scheme is, and the benefits that the scheme offers to Local Government, Police and Fire pension members.

[More than just a great pension - YouTube](#)



- Updates to LPPA YouTube Channel

In Q3 there have been various videos recorded and uploaded to our YouTube channel. Examples of these videos are our Scheme Essentials Session (Member), Absence and APP (Employer) and Ill Health Retirement (Employer). These have been uploaded to accommodate any members or employers that are not able to attend our session.



2 **Planned Activity Q4 2021/2022 - LCPF Employer Activities (January to March)**

- As mentioned above the Engagement team has focused on updating the LPPA YouTube Channel with all the Employer Sessions in order for them to be readily available for all employers to view. Due to LPPA's Project PACE the Engagement Team will be focusing on the smooth delivery of the new Employer Portal, meaning that live sessions will not be taking place.

Please see the below table for all the sessions that are available on our YouTube Channel, available using the below link:

[Local Pensions Partnership Administration - YouTube](#)

Subject
Employer Scheme Leaver Essentials Training
Employer Ill Health Awareness Training
Employer Absence and APP Training

- Employer visits have been and are continuing to be carried out with employers that have a high number of outstanding leaver forms to ensure any training needs are being met. The aim of these sessions is to ensure that the data is correct for valuation that is taking place next year. This will continue to be prioritised over the next quarter.

Lancashire Local Pension Board

Meeting to be held on Tuesday, 18 January 2022

Electoral Division affected: N/A;

Lancashire County Pension Fund Breaches Report

Contact for further information:

Junaid Laly, 01772 532767, Senior Governance Officer,

Junaid.Laly2@lancashire.gov.uk

Executive Summary

This report provides the Board with a summary of the Lancashire County Pension Fund Breaches Log for the period 1st October 2021 to the 31st December 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 October 2021 to December 2021 (December contributions have not been collected at the time of writing this report) there has been one breach. The breach was a small contractor who did not have any money in their account when the direct debit was attempted for collection and therefore the statutory deadline was breached. The contributions haven't yet been received by BACs but are confident that the employer will provide payment.

There was one breach in quarter 2 (July - September 2021) and there were no breaches in the previous quarters.

There were a number of incidents recorded in the period which have resulted in corrective action being taken. A total of 26 employers failed to submit contribution figures for Q2 and 22 for Q3*. They have all been contacted in accordance with the Stage 2 escalation procedures, which ensure that all incidents are corrected swiftly. For Q2, the number of employers which failed to submit contributions represents 2.54% of the total submissions, in monetary values this equates to 0.95% of the total contributions received during the period, for Q3* this represents 3.44% and 1.12% respectively.

	Q4 Jan-Mar 21	Q1 Apr-Jun 21	Q2 Jul-Sep 21	Q3* Oct-Dec 21
Incidents	52	55	26	22
Breach	0	0	1	1

* Incomplete – only includes 2 months data.

Data Breaches:

For the period 1st October 2021 to the 31st December 2021 there were a total of 5 data breaches:

October	<ul style="list-style-type: none"> • Nil
November	<ul style="list-style-type: none"> • Three data breach occurred in November. <ul style="list-style-type: none"> ▪ 2 members received information relating to another member attached to their correspondence. ▪ Correspondence was issued to an incorrect address as the incorrect address details had been provided by the employer
December*	<ul style="list-style-type: none"> • Two data breaches occurred in December. <ul style="list-style-type: none"> ▪ Data relating to a member was erroneously sent to another member. ▪ An email was incorrectly sent to Lancaster CC Payroll Team instead of Lancashire CC Payroll Team.

*Correct to 30th December 2021

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:

	Q4 20/21	Q1 21/22	Q2 21/22	Q3* 21/22
Data Breaches	8	4	3	5

*Correct to 30th December 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 were seven COP14 breaches in the period and two process breaches:

	COP 14 Breach	LPPA PROCESS BREACH	TOTAL
October	4	0	4
November	2	0	2
December*	0	2	2
Total	6	2	8

October	<p>COP14:</p> <ul style="list-style-type: none"> • 2 transfers out being processed outside the 6 month time frame, • 1 member being provided with incorrect retirement options, • The 3 in 13 calculation spreadsheet was incorrect resulting in 25 Lancashire members receiving incorrect calculations.
November	<p>COP14:</p> <ul style="list-style-type: none"> • Incorrect retirement figures were provided to a member • Retirement options were not provided in a timely manner this has also been reported as a customer service complaint.
December*	<p>Process Breaches:</p> <ul style="list-style-type: none"> • An incorrect email address was CC'd into an email. The incorrect address belonged to a trusted employer and was immediately deleted, • A retirement task was processed incorrectly resulting in a

	Pensions Savings Statement not being created. This is being corrected.
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- Correct to 30th December 2021

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 provided data regarding the administration and data breaches. The County Council's Finance Team provided data 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, 18 January 2022

Electoral Division affected:
(All Divisions);

Lancashire County Pension Fund Compliance with the Requirements of the Pension Regulator

(Appendix 'A' refers)

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

Executive Summary

The Pension Regulator published its Code of Practice No. 14 in April 2015 for public service pension schemes. It provides practical guidance in relation to the exercise of functions under relevant pension legislation and sets out the standards of conduct and practice expected from those who exercise this function.

A compliance statement for the Lancashire County Pension Fund was last presented to the Local Pension Board in January 2021. Since then the statement has been reviewed and updated (see Appendix 'A') and indicates that the Lancashire County Pension Fund is compliant with the requirements of the Code of Practice No. 14.

Recommendation

The Board is asked to consider and comment on the revised compliance statement attached at Appendix 'A'

Background and Advice

The Pension Regulator's Code of Practice 14 provides practical guidance in relation to the exercise of functions under relevant pension legislation and sets out the standards of conduct and practice expected from those who exercise this function.

The Code of Practice 14 covers the following 4 main sections with the associated sub-sections:

1. Governing your scheme:
 - a. Knowledge and understanding required by pension board members;
 - b. Conflicts of interest and representation;
 - c. Publishing information about schemes.

2. Managing risks:
 - a. Internal Controls;
3. Administration:
 - a. Scheme record-keeping;
 - b. Maintaining contributions;
 - c. Providing information to members;
4. Resolving issues:
 - a. Internal dispute resolution;
 - b. Reporting breaches of the law.

Overall compliance against the Code of Practice 14 is very good, as summarised in the compliance statement (see Appendix 'A'). There have been small but steady improvements in many of the specific areas covered by the code of practice, as compared to last year's compliance statement. None of the specific improvements warrant special mention in themselves, however, are indicative of an overall improving picture.

Finally, it is worth mentioning that the Pensions Regulator is developing a new revised Single Code of Practice. The timescale for the implementation of the new code has been delayed and is currently scheduled for the summer of 2022.

Consultations

Those consulted included the Local Pensions Partnership Administration (Administration, Communications and Risk, Audit & Compliance teams), LCC Finance team and Pension Fund Technical Team.

Implications:

This item has the following implications, as indicated:

Risk management

There are no significant risk management implications

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		

Code of practice no.14 compliance statement

Section	Sub-section	Legal requirement	TPR's guidance	How we Comply
Governing your scheme	Knowledge and understanding required by pension board members [34 – 60]	<p>A member of the pension board of a public service pension scheme must be conversant with:</p> <ul style="list-style-type: none"> • the rules of the scheme, and • any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme. <p>A member of a pension board must have knowledge and understanding of:</p> <ul style="list-style-type: none"> • the law relating to pensions, and • any other matters which are prescribed in regulations. 	(1) Schemes should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding [38].	The Fund's existing training policy has been amended to reflect the requirements for Knowledge and Understanding. This is reviewed annually.
			(2) Schemes should designate a person to take responsibility for (1) [38].	The Fund's Governance & Risk Officer is responsible for all training matters.
			(3) Schemes should prepare and keep an updated list of documents with which they consider pension board members need to be conversant [46]	<p>On appointment Board members are given information regarding the following</p> <ul style="list-style-type: none"> Membership of the Board Programme of meetings Terms of Reference of the Board Expenses (request for BACS info and copy of claim form) Agenda/Minutes on LCC website Register of Interests (with a request they complete a declaration) Dates for any upcoming workshop Access to the online pension library. <p>As part of Knowledge and understanding when policies/strategies are reviewed, these are often presented to the pension board for comments. As part of this, the pensions team (or another individual) will update or brief the pension board on the issue. This contributes to good Knowledge and understanding.</p>
			(4) Clear guidance on the roles and responsibilities and duties of boards and its members should be set out in scheme documentation [47].	Terms of Reference for the Pension Board specify roles and responsibilities, and these are documented accordingly.

			(5) Schemes should assist pension board members to determine the degree of knowledge and understanding needed [48].	Board members have been introduced to the new CIPFA Knowledge and Skills Framework for Local Pension Boards, published in July 2015.
			(6) Schemes should provide board members with the relevant training and support that they require [55].	<p>Training and support needs will be assessed and developed in line with Board member needs. Training needs will be identified in a number of ways including self-identified (by Board members) and those identified or suggested by the Fund's officers via a training needs analysis assessment.</p> <p>Training is available to Board members via external Conferences. Internal workshops are also held throughout the year covering a variety of pension related subjects.</p> <p>Information such as previous Committee/Board agenda and minutes or presentations/recordings from workshops are available to Board members via the online pensions reference library.</p> <p>Board members are encouraged to discuss their learning needs and experiences at each Board meeting and to ask for the support they need from the Fund for their ongoing learning.</p>
			(7) Schemes should offer pre-appointment training or arrange for mentoring by existing board members [56].	Any new member is given an opportunity to meet with the Chair to discuss the work of the Board and role of its members. New Board members are also provided with basic information e.g. Terms of Reference, dates for future meetings, a one-to-one training session and are encouraged to attend external training for new Board members when available.
			(8) Pension board members should undertake a personal training needs analysis [57].	Board members complete an annual training needs assessment to determine their individual and Board training requirements for the coming year.

			(9) Learning programs should be flexible [58].	Training is offered at physical venues or online
			(10) Schemes should keep appropriate records of the learning activities of board members [60].	<p>A report is presented to each Board meeting regarding training which Board members have participated in since the previous meeting.</p> <p>A Training Record is maintained of all formal training attended by Board members each year and incorporated into the Annual Report of the Board.</p>
	Conflicts of interest and representation [61 – 91].	<p>In relation to the pension board, scheme regulations must include provision requiring the scheme manager to be satisfied:</p> <ul style="list-style-type: none"> • that a person to be appointed as a member of the pension board does not have a conflict of interest and • from time to time, that none of the members of the pension board has a conflict of interest. <p>Scheme regulations must require each member or proposed member of a pension board to provide the scheme manager with such information as the scheme manager reasonably requires for the purposes of meeting the requirements referred to above.</p> <p>Scheme regulations must include provision requiring the pension board to include employer representatives and member representatives in equal numbers.</p>	<ol style="list-style-type: none"> (1) The 'Seven principles of public life' should be applied to all board members [70]. (2) Schemes should incorporate these principles into any codes of conduct (and across their policies and processes) and other internal standards for boards [70]. (3) Take professional legal advice when considering issues to do with conflict of interests [74]. (4) Schemes should ensure that there is an agreed and documented conflicts policy and procedure which should be kept under regular review [76]. (5) Schemes should cultivate a culture of openness and transparency [78]. (6) Board members should have a clear understanding of their role and the circumstances in which they may find themselves in a position of conflict of interest [78]. (7) Board members should know how to manage potential conflicts [78]. (8) Pension board members should be appointed under procedures that require them to disclose any interests or responsibilities which could become conflicts of interest [80]. 	<p>The Local Pension Board has been established having had regard to the requirements set out in legislation and guidance.</p> <p>All Board Members have completed a Register of Interests declaration having had regard to the Board's Code of Conduct and Conflict of Interests Policy, which was approved in October 2015. A copy of the register of Interests is available to view via the LCC website</p> <p>The agenda for each Board meeting includes an item on declaration of pecuniary and non-pecuniary interests in relation to matters under consideration on that agenda. Any such declarations are recorded in the Minutes.</p> <p>The Register of Interests will be reviewed on an annual basis and all Board Members advice on potential conflicts can be sought from Democratic Services officers at any time.</p>

			<ul style="list-style-type: none"> (9) All terms of engagement should include a clause requiring disclosure of all interests and responsibilities which could become conflicts of interest as soon as they arise [81]. (10) All disclosed interests should be recorded [81]. (11) Schemes should consider what important matters or decisions are likely to be considered during, for example, the year ahead and identify and consider any potential or actual conflicts [82]. (12) Identify, evaluate and manage dual interests [83]. (13) Use a register of interests to record and monitor dual interests [84]. (14) Capture decisions about how to manage potential conflicts of interest in their risk register or elsewhere [84]. (15) The register of interest and other relevant documents should be circulated to the board for ongoing review [84]. (16) The register of interest and other relevant documents should be published [84]. (17) Conflicts of interest should be included as an opening agenda item at board meetings and revisited during the meeting where necessary [85]. (18) Establish and operate procedures which ensure that boards are not compromised by potentially conflicted members [86]. (19) Be open and transparent about the way they manage potential conflicts of interest [87]. (20) Seek professional legal advice when assessing any option when seeking to manage a potential conflict of interest [88]. 	<p>The Board comprises representation from employers and members. All scheme member representatives have a pension related background, and employer representatives are fully conversant with LGPS issues.</p>
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			(21) Membership of boards should be designed with regard to proportionality, fairness and transparency and with the aim of ensuring that the board has the right balance of skills, experience and representation [91].	
	Publishing information about schemes [92 – 99]	<p>The scheme manager for a public service scheme must publish information about the pension board for the scheme(s) and keep that information up-to-date.</p> <p>The information must include:</p> <ul style="list-style-type: none"> • who the members of the pension board are • representation on the board of members of the scheme(s), and • the matters falling within the pension board's responsibility. 	<p>(1) Schemes should also publish useful related information about the pension board such as set out in 96 and 97.</p> <p>(2) Have policies and processes to monitor all published data on an ongoing basis to ensure it is accurate and complete [98].</p>	<p>The Fund has a dedicated web page that includes details such as:</p> <ul style="list-style-type: none"> • Board membership ; • Board terms of reference; • A link to the Lancashire County Council website detailing agendas and minutes of the Board's meetings <p>The Fund publishes all statutory documents on the LCPF website including an Annual Report (which includes information on the Local Pensions Board): https://lancashirecountypensionfund.org.uk/</p> <p>The website content is reviewed regularly and updated accordingly, as are other media such as leaflets/guides etc. All material follows a formal sign off and approval process to ensure accuracy.</p> <p>Additionally whenever regulatory or other significant changes occur, relevant media/documentation are reviewed and changed at the time.</p>
Managing risks	Internal controls [101 – 120]	The scheme manager of a public service pension scheme must establish and operate internal controls. These must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and in accordance with the requirements of the law.	<p>(1) Internal controls should include a clear separation of duties, processes for escalation and decision making and documented procedures for assessing and managing risks, reviewing breaches of law and managing contributions to the scheme [103].</p> <p>(2) Internal controls should address significant risks which are likely to have a material impact on the scheme [105].</p>	<p>Internal controls are designed to manage risks facing the Fund. As such, the starting point for the Fund's approach is the risk register.</p> <p>The risk register is a 'live' document which is reviewed regularly in collaboration with LPPA, LPPI, Independent Investment Advisers and LCC Finance. The full register is presented to the Board and Pension Fund Committee every 6</p>

			<p>(3) Sufficient time and attention should be spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls [105].</p> <p><u>Identifying risks</u></p> <p>(4) Schemes should carry out a risk assessment [106].</p> <p>(5) Schemes should record risks in a risk register and review it regularly [108].</p> <p>(6) Schemes should keep appropriate records to demonstrate compliance [108].</p> <p><u>Evaluate risks and develop internal controls</u></p> <p>(7) Prioritise risks where the impact and likelihood of the risk materialising is high [109].</p> <p>(8) Review any existing internal controls [110].</p> <p>(9) Design internal controls to mitigate main risks and consider how best to monitor them [111].</p> <p><u>Monitor controls effectively</u></p> <p>(10) Schemes should periodically review the adequacy of internal controls [115].</p> <p>(11) Internal or external audits and/or quality assurance processes should ensure that adequate internal controls are in place and being operated effectively [116].</p> <p>(12) Review internal controls when substantial changes take place or where a control has been found to be inadequate [116].</p> <p><u>Suggested internal controls</u></p> <p>(13) Internal controls that regularly assess the effectiveness of investment-related decision making.</p>	<p>months. The Board also review key risks in between the 6 month reviews.</p> <p>The risk register categorises risks into five primary groupings. Each risk is then rating on the basis of likelihood and impact after assessing the mitigating factors which are in place. The Officers of the Fund ensure that appropriate mitigation is in place for all risks, especially those rated as being a high risk to the Fund. The Fund instigated a project to develop the Fund Risk Register in 2021/22. The development enhanced risk assessment through the use of risk templates for each specific risk and also a heatmap to visually articulate risk ratings for all Fund risks.</p> <p>The Fund works collaboratively with the Local Pensions Partnership (LPP) to identify new administration and/or investment risks.</p> <p>Investment risks</p> <p>Some level of financial risk is both known and tolerated to generate the required levels of investment return. This level of 'risk tolerance' is set out in the Investment Strategy Statement (ISS).</p> <p>The risk register serves to track performance in managing risks and ensure a focus on changes in the risk landscape.</p> <p>A documented internal compliance regime reviews progress in managing risk and ensures that risk owners are accountable accordingly.</p> <p>Clearly, some risks are more significant than others and their relative scale drives the resource input devoted to such; for example the Investment panel and associated due diligence processes ensure a clear separation of duties and a documented decision-making mechanism. Similarly rigorous separation of duties apply to the</p>
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			<p>(14) Internal controls that regularly assess the effectiveness of data management and record-keeping.</p> <p>(15) Internal controls that ensure that new employers understand what member data is required and how it should be supplied [112].</p> <p>(16) Internal controls that require internal or external auditors to audit any automated systems [112].</p> <p>(17) Internal controls to ensure that systems support the maintenance and retention of good member records [112].</p> <p>(18) Internal controls that ensure that data are complete (e.g. undertake a data-cleansing or member tracing exercise and review this on a regular basis (at least annually or at regular intervals that they consider appropriate) [112].</p> <p>(19) Ensure that all staff completes information management training before they are given access to sensitive data.</p> <p>(20) Ensure that member communications are reviewed regularly [112]</p> <p>(21) Schemes should put in place systems and processes for making an objective assessment of the strength of an employer's covenant.</p>	<p>pensions payroll function which controls around £250m of pension payments annually.</p> <p>Controls are reviewed in a number of ways, such as lessons learned, internal and external audit and continuous improvement drivers.</p> <p>Significant reliance is placed upon both internal and external audits, which review and test existing controls. These audits have led to improved practice.</p> <p>LPPI and LPPA carry out detailed monthly monitoring in respect of investment performance and associated governance/control issues.</p> <p>All incidents are logged on an incident log and are investigated.</p> <p>Administration risks Within LPPA there is an independent check of work (where appropriate) alongside a separate risk and compliance function that undertake assurance testing. Additionally, LPPA have a functionality in place for staff members to flag data breaches and breaches of process/regulation.</p> <p>LPPA manages lots of data.</p> <p>Internal data cleansing regimes apply, but just as importantly, significant resource is dedicated to supporting employers to ensure they can comply with the fund's data requirements.</p> <p>The following data cleansing activities take place:</p> <ol style="list-style-type: none"> 1. Address tracing for members retiring 2. ongoing improvement of data in line with TPR guidelines. <p>LPPA now engage Target, a company that specialises in tracing members with whom contact has been lost. This is expected to improve the data quality scores.</p>
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				<p>LPPA provide:</p> <ul style="list-style-type: none"> • Information governance training forms part of induction and annual review; • Member communications are reviewed and fine-tuned in the light of feedback • The Fund has in place processes and resources to assess employer covenant • Risk & Compliance Report each quarter • Compliance Statement required under the pensions admin service agreement. <p>LPPA have an internal sign off process for all member communications to ensure both simplicity/ease of understanding and technical accuracy.</p> <p>Other risks</p> <p>The Fund also manage other groups of risks which include the following list:</p> <ul style="list-style-type: none"> • Member risks; • Transitional Risks; • Emerging Risks; • Operational risks including the safe custody and security of the assets of the scheme. <p>All our risks are managed in line with the Fund Risk Management Framework, which can be found here:</p> <p>https://lancashirecountypensionfund.org.uk/media/1074/lcpf_rmf_v1.pdf</p>
Administration	Scheme record-keeping [122 – 146]	<p>Scheme managers must keep records of information relating to:</p> <ul style="list-style-type: none"> • member information • transactions, and • pension board meetings and decisions 	<p>(1) Schemes should be able to demonstrate to the regulator, where required, that they keep accurate, up-to-date and enduring records [124].</p> <p>(2) Schemes should establish and operate adequate internal controls to support record-keeping requirements [125].</p>	<p>Pension Board meetings</p> <p>Details of Pension Board meetings are available via the LCC website. This link can be found here: https://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteId=1175</p>

		<p>Schemes must ensure that processes that are created to manage scheme member data meet the requirements of the Data Protection Act 2021 and the data protection principles.</p>	<ol style="list-style-type: none"> (3) Member data should be subject to regular data evaluation [126]. (4) Schemes should require employers to provide them with timely and accurate data [128 and 130]. (5) Schemes should seek to ensure that employers understand the main events which require information to be passed to the scheme [129]. (6) Schemes should be able to trace the flow of funds into and out of the scheme and reconcile these against expected contributions and scheme costs [131]. (7) In respect of keeping information about the pension board, schemes should also keep records of key discussions [133]. (8) Records should be retained for as long as they are needed [135]. (9) Schemes should have in place adequate systems and processes to enable the retention of records for the necessary time periods [135]. (10) Schemes should monitor data (based on a proportionate and risk based approach) on an ongoing basis to ensure it is accurate and complete [136,137]. (11) Schemes should carry out a data review exercise at least annually [138]. (12) Schemes should continually review their data [138]. (13) Upon change of admin system, schemes should review and cleanse data records [140] (14) Schemes should put in place a data improvement plan where poor quality or missing data is identified [141]. (15) Schemes should reconcile member records with information held by the employer [142]. 	<p>The Fund have a records retention policy in place. Most records are stored electronically, and paper records are in the main stored with LCC's records management team, who securely destroy records in line with the Fund's record retention policy..</p> <p>Member information LPPA carry out a data cleaning schedule which specifies data cleaning activities during the year. The cleanliness of this data is compared to targets set out by the Pensions Regulator. LPPA is working on implementing electronic data quality reporting routines, covering employers' and scheme data quality.</p> <p>LPPA are undertaking an ongoing data cleanse activity. This will include working with employers to track down missing leaver forms.</p> <p>LPPA are compliant with GDPR regulation through relevant training, processes and client reporting on a monthly..</p> <p>The LPPA has a policy for chasing and tracing missing or inaccurate member records. There are a significant number of deferred members whose current details are not known. The service takes a proportionate and risk-based approach in using resource to trace and chase such records.</p> <p>LPPA carry out comparisons of active member data with employer payroll data occur each pay period. Reconciliations between pay and contributions are carried out on a monthly basis. An engagement team works with employers to ensure the importance of data accuracy and record keeping is communicated.</p> <p>The Fund's Pensions Administration Strategy Statement (PASS) outlines mechanisms and deadlines for employers' submission of data to the</p>
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				<p>fund. A number of employers do not meet these deadlines, and an ongoing training and support programme provides support to employers to enable them to comply.</p> <p>Additionally the Employer Guide sets out in some detail the Fund's specific data requirements.</p>
	<p>Maintaining contributions [147 – 186]</p>	<p>Employer contributions must be paid to the scheme in accordance with any requirements in the scheme regulations. Where employer contributions are not paid on or before the date they are due under the scheme and the scheme manager has reasonable cause to believe that the failure is likely to be of material significance to the regulator in the exercise of any of its functions, the scheme manager must give a written report of the matter to the regulator as soon as reasonably practicable.</p> <p>Where employee contributions are not paid within the prescribed period, if the scheme manager has reasonable cause to believe that the failure is likely to be of material significance to the regulator in the exercise of any of its functions, they must give notice of the failure to the regulator and the member within a reasonable period after the end of the prescribed period. Where there is a failure to pay employee</p>	<p>(1) Scheme managers should have effective procedures and processes in place to identify payment failures that are – and are not – of material significance to the regulator [150 to 151].</p> <p>(2) Such procedures are likely to involve:</p> <ul style="list-style-type: none"> (i) Developing a record to monitor the payment of contributions. (ii) Monitoring the payment of contributions. (iii) Managing overdue contributions. (iv) Reporting payment failures which are likely to be of material significance to the regulator [152]. <p><u>Developing a record to monitor the payment of contributions</u></p> <p>(3) Schemes should have a contributions monitoring record [155 to 157].</p> <p><u>Monitoring the payment of contributions</u></p> <p>(4) Schemes should monitor contributions on an on-going basis [161].</p> <p>(5) A risk based and proportionate monitoring approach should be used to identify employers and situations which present a higher risk of payment failure [162].</p>	<p>Processes</p> <p>Established processes are in place to manage employer and employee contributions due, and their payment. These are operated by the LCC Finance Team.</p> <p>With the exception of one employer, all employer and employee contributions are received by the Fund via a regular direct debit collection.</p> <p>Employer and employee contributions are monitored and collected through a bespoke web-based system known as EPIC. This electronic interface has been used for some years by the Fund's administration team and the functionality to monitor and collect contribution income was added approximately 3 years ago.</p> <p>Employers, or their 3rd party payroll providers where applicable, are required to log-in to the password protected system and input, on a monthly basis, data at a total employer level. The finance team does not have access to, nor does it require, individual member data through the EPIC system. Data required as part of this monthly process is in respect of pensionable pay for the period, employer and employee contributions analysed between regular, deficit and other contributions – with disclosure of amounts in respect of the 50:50 option separately identified.</p> <p>There are standard and non-negotiable deadlines around the EPIC process. Little flexibility is available since the direct debit process must be</p>

		<p>contributions on an earlier date in accordance with scheme regulations, schemes should also consider their statutory duty under section 70 of the Pensions Act 2004 to assess and if necessary report breaches of the law.</p>	<p>(6) Schemes should have a process in place to identify where payments are late or have been underpaid, overpaid or not paid at all [163].</p> <p>(7) Scheme managers must record and retain information on transactions (including any employer and employee contributions) [166].</p> <p><u>Managing overdue contributions</u></p> <p>(8) Where a payment failure is identified, there should be a process to follow to resolve the issue quickly (including the suggested steps set out in the Code) [169].</p> <p>(9) Schemes should keep a record of their investigation and communications between themselves and the employer [170].</p> <p>(10) Schemes should have a process which is able to detect deliberate underpayment or non-payment or other fraudulent behaviour by an employer [171].</p> <p><u>Reporting payment failures which are likely to be of material significance to the regulator</u></p> <p>(11) Where schemes identify a payment failure, they should attempt to recover contributions within 90 days of their due date [174].</p> <p>(12) Where a payment failure is identified it should at least ask the employer the 3 questions set out in 175.</p> <p>(13) Schemes should investigate the payment failure and use their judgement when deciding whether to report to the regulator taking into account the wording of the Code [177].</p> <p>(14) Schemes should consider whether it is appropriate to report payment failures</p>	<p>run to the regulatory deadline of 19th of each month.</p> <p>The system categorises submissions from employers into different 'statuses'. For example – 'incorrect % applied to pensionable pay', 'missing contributions' and 'adjustments'. The finance team will review all entries in each status and take the appropriate action to ensure that the correct amounts are collected each month. Any breaches are included on the Fund breaches log. Procedures for follow-up and escalation have been established.</p> <p>A reconciliation between the EPIC system, the Oracle financial system and the Altair pension payroll is performed on a monthly basis. The reconciliation ensures that the financial information is consistent across the systems for the employer and the members. These reconciliations are designed to ensure accuracy and consistency of reporting and should also highlight any missing or late contributions along with any under / over payments.</p> <p>In 2022 the system will be replaced by a new employer portal linked to the new pensions administration system (UPM) and engagement will be needed to understand how EPIC functionality will be replaced.</p> <p>Escalation</p> <p>The Fund's policy is to collect contributions by direct debit. If a contribution remittance advice is not received from an employer via EPIC in line with the direct debit deadline then the Fund will collect an amount equal to the previous month. This maintains cash flow to the Fund but requires confirmation from the employer in the following month and will usually result in an adjustment to the following month's collection remittance in order to correct the actual contributions as a percentage of pensionable pay. A record is maintained of any</p>
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			<p>of employer contributions to members where it is reported to the regulator [182].</p> <p>(15) Reports to the regulator should be made in accordance with the code.</p>	<p>contributions collected as a result of this back-up procedure.</p> <p>A procedure has been established to ensure that repeat failure to submit remittances on time is recorded on the Fund breaches log and remedies applied as necessary – whether this be through application of financial penalties or in the case of admitted bodies, contractual penalties can be applied. System invoices are generated as a result of the direct debit process. These invoices are not sent to employers but are recorded in the Oracle financials system. Non-payment will result in outstanding debt which will be identified and chased by either the Fund or the LCC income and debt management team in accordance with the Debt Management Policy.</p> <p>Any returned or failed direct debits are notified to the Fund finance team by the LCC banking team and are followed up immediately with employers and providers who will be asked to pay immediately by BACS if necessary or other remedies may be applied. Again, any ongoing payment issues should be recorded on the breaches log.</p> <p>All employers are monitored in the same way. E-mail correspondence between the finance team and employers/providers is retained and information extracted from EPIC into excel is annotated for relevant comments regarding discussions and action taken.</p> <p>Oversight/Reporting</p> <p>Oversight is provided to the Local Pension Board on a quarterly basis via reporting. Breaches are assessed in line with the breaches policy to determine whether a breach is material and hence warrant being reported to the tPR. Assessment of the breach by the Fund.</p>
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	<p>Providing information to members [187 – 211]</p>	<p>The law requires schemes to disclose information about benefits and scheme administration to scheme members and others.</p> <p>The Code summarises the legal requirements around -</p> <ol style="list-style-type: none"> (1) Benefit statements [188 – 195] (2) Other information about scheme administration [196 – 197]. (3) Who is entitled to information [198 – 199] (4) When basic scheme information must be provided [200 – 201] (5) What information must be disclosed on request [202] (6) How benefit statements and other information must be provided [203 – 206] <p>Scheme should also comply as appropriate with other legal disclosure requirements [211].</p>	<ol style="list-style-type: none"> (1) Schemes should design and deliver communications to scheme members in a way that ensures they are able to engage with their pension [207]. (2) Information should be clear and simple to understand as well as being accurate and easily accessible [207]. (3) Schemes should attempt to make contact with their scheme members and, where contact is not possible, schemes should carry out a tracing exercise to locate the member and ensure that their member data are up-to-date [208]. (4) Where a person has made a request for information, schemes should acknowledge receipt if they are unable to provide the information at that stage [209]. (5) Schemes may encounter situations where the time period for providing information takes longer than expected. In these circumstances, schemes should notify the person and let them know when they are likely to receive the information [209]. (6) Information should be readily available at all times to ensure that members are able to access it when they require [210]. 	<p>Administration LPPA uses a wide range of communications media such as:</p> <ul style="list-style-type: none"> • An electronic self -service facility and the LPPA member website, both of which allow members to access pensions information 24/7 • LPPA have commenced publishing certain information online where possible i.e. P60s are published online. • The strategy for issuing of regulatory statements and documents online vs postal versions is reviewed annually. Any members who have opted out of electronic communications receive a paper copy. • Annual benefit statements that are produced annually and made available to all members via the online facility. Members who choose to opt out of e communication are provided with a paper copy. • Face to face / video presentations are offered to all members • A dedicated helpdesk and online enquiry ('Contact Us' form) facility are available to members • Whilst not promoted, face to face member support is available via Preston based premises (or via video conferencing in the current working environment). • Experienced caseworkers can be contacted for more technical support (alongside an internal technical team). <p>All information whether electronic, written or face to face is delivered in a simple and clear manner avoiding pension jargon. The details of when and</p>
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				<p>what information is provided to members is contained in the member website at: lppapensions.co.uk</p> <p>LPPA makes every attempt to contact scheme members. When contact attempts have not been possible, attempts at tracing are made as follows:</p> <ul style="list-style-type: none"> • for active members the service contacts the employer for up to date details; • for pensioner members and deferred members a specialist tracing company, Target, is engaged. <p>LPPA operate a member satisfaction survey. As part of this efforts are made to collate email and telephone contacts for all members. Particularly personal data which may be needed at retirement (instead of work data).</p> <p>Receipt of emails to the pensions helpdesk is confirmed automatically; paper correspondence is not acknowledged, but response times form part of the service's SLA and are monitored accordingly.</p> <p>Details of service standards, targets and processes are published on the Funds website in order to manage member's expectations.</p> <p>Fund LPPA reports to the Fund on a quarterly basis about compliance with the above requirements.</p> <p>The Fund also provides information to members using the new Fund website. Information includes:</p> <ul style="list-style-type: none"> • Annual Report; • Fund Policy documents; • Valuation information and report; • Committee/Local Pension Board information;
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				<ul style="list-style-type: none"> Investment Information.
Resolving Issues	Internal dispute resolution [212 – 240]	Scheme managers must make and implement dispute resolution arrangements that comply with the requirements of the law and help resolve pensions disputes between the scheme manager and a person with an interest in the scheme.	<ol style="list-style-type: none"> (1) In terms of the LGPS, the requirements relating to IDRPs are prescribed in the LGPS regulations. (2) Schemes should publish and make IDRPs time limits readily available [225]. (3) Schemes should be satisfied that the time taken to reach a decision is appropriate to the situation and be able to demonstrate this, if necessary. [230 and 240] (4) Schemes should provide the applicant with regular updates on the progress of their investigation. They should notify the applicant where the time period for a decision is expected to be shorter or longer than the reasonable time period and let them know when they are likely to receive an outcome [232]. (5) Schemes should focus on educating and raising awareness of their internal dispute resolution arrangements and ensuring that they are implemented [233]. (6) Schemes should ensure that the effectiveness of the arrangements is assessed regularly and be satisfied that those following the process are complying with the requirements set, which includes effective decision making [234]. (7) Schemes should confirm and communicate their arrangements to members, for example, in the joining booklet [235]. (8) Schemes should make their arrangements accessible to potential applicants, for example by publishing them on a scheme website [235]. (9) Schemes should ensure they make the following information available to applicants: 	<p>Details of the Internal Dispute Resolution Procedure (IDRP) are published on the LPPAs website. In addition the appeals application form, also available on the website, contains further guidance for members including the specific time limits imposed by the IDRPs.</p> <p>Those documents are reviewed regularly to ensure that they are in line with amending legislation and procedures. (The latest versions can be viewed at the link below)</p> <p>https://www.lppapensions.co.uk/customer-care/internal-dispute-resolution-procedure/</p> <p>Procedures for employers are also contained within the employer guide on the LPPA website. In addition a guide for employers is also available, used particularly for employers who have a new adjudicator reviewing a stage 1 case.</p> <p>Training for employers and bulletins highlighting problem areas such as Ill health determinations are utilised where appropriate.</p> <p>In respect of stage 1 and stage 2 IDRPs cases, a task management process exists through the pensions administration system to ensure that the appropriate deadlines and notifications are provided to members and representatives involved in the IDRPs and that those deadlines are adhered to. Bespoke documentation covers acknowledgements and details of extensions to time limits. Procedures for stage 2 are regularly updated.</p> <p>The right to appeal a decision under IDRPs is part of all LPPA documentation where a decision is being taken that may affect a member or prospective member's benefits, whether that be an administering or employing authority decision.</p>

			<ul style="list-style-type: none"> (i) The procedure and processes to apply for a dispute to be resolved; (ii) The information that an applicant must include; (iii) The process by which any decisions are reached; and (iv) An acknowledgement once an application has been received [239]. 	<p>A log of all appeal cases is kept detailing dates when cases are received, acknowledged and determined.</p> <p>LPPA provides an update on IDR case volume to the Fund periodically.</p>
	Reporting breaches of the law [241 – 275]	<p>Certain people are required to report breaches of the law to the regulator where they have reasonable cause to believe that:</p> <ul style="list-style-type: none"> • a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with • the failure to comply is likely to be of material significance to the regulator in the exercise of any of its functions. 	<ul style="list-style-type: none"> (1) Schemes should be satisfied that those who are responsible for reporting breaches are made aware of the legal requirement and the Code [244]. (2) Training should be provided for scheme managers and pension board members [244]. (3) All others under a statutory duty to report should ensure they have sufficient level of knowledge and understanding to fulfil that duty [244]. (4) Those with a statutory duty to report should establish and operate appropriate and effective procedures in regards to reporting breaches [245]. (5) Those procedures should be in accordance with and take into account paragraphs 245 to 262 of the Code. (6) Reports made to the Regulator should be submitted in accordance with paragraphs 263 to 271. 	<p>The Fund have a Breaches Policy in place.</p> <p>Training on Code of Practice 14 and GDPR has been given to all Board and Committee members. All others under a 'statutory duty' to report have also received the relevant training.</p> <p>Systems are now in place to record and report breaches for contributions, process and data;</p> <p>A Breaches Report is produced by the Fund (with input from LPPA and LCC Finance team) provided to the Local Pension Board every quarter.</p> <p>When and how breaches are reported to the Pension Regulator is documented within the procedures.</p>

Lancashire Local Pension Board

Meeting to be held on Tuesday 18th January 2022

Electoral Division affected: None

Part I reports presented to the 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. The Head of Fund will update members of the Board on decisions taken in respect of the reports at the meeting.

Recommendation

The Board is asked to comment in relation to the Part I reports that were considered by the Pension Fund Committee on the 26th November 2021 and any decisions taken.

Background and Advice

On the 26th November 2021 the Pension Fund Committee considered a number of reports in Part I of the agenda (available to the press and public) which included those listed below.

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.

At the meeting the Head of Fund will update the Board specifically on decisions taken by Committee regarding the two items in bold below, though Board members are free to ask for updates regarding all listed reports.

- Minutes of the Meeting held on 17th September 2021
- **External Audit Findings Report**
- 2021/22 Budget Monitoring Report
- Feedback from members of the Committee on pension related training.
- Local Pensions Partnership Annual Report and Accounts
- Responsible Investment Report
- **Review of Responsible Investment Policy**
- Programme of Meetings for 2022/23

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, 18 January 2022

Electoral Division affected: None;

2022/23 Programme of Meetings

Contact for further information:

Mike Neville, Tel: (01772) 533431, Senior Democratic Services Officer

mike.neville@lancashire.gov.uk

Executive Summary

A proposed programme of meetings for the Lancashire Local Pension Board in 2022/23.

Recommendation

That the 2022/23 programme of meetings for the Lancashire Local Pension Board, as set out below, is approved, with all meetings to be held at 2.00pm in The Exchange at County Hall, Preston.

5th July 2022

18th October 2022

24th January 2023

4th April 2023

Background and Advice

The current programme of meetings for the Lancashire Local Pension Board ends with the meeting on the 26th April 2022.

In October 2021 the full council approved a programme of meetings for its Cabinet and Committees (including the Pension Fund Committee) up to March 2023 and consideration has been given to an associated programme of meetings for the Lancashire Local Pension Board.

After consulting with the Chair and the Head of the Pension Fund, the following dates are proposed, with all meetings to be held at 2.00pm in The Exchange which is on the 4th Floor of County Hall at Preston.

Tuesday 5th July 2022

Tuesday 18th October 2022

Tuesday 24th January 2023

Tuesday 4th April 2023

Consultations

The Chair and Head of Fund were consulted on the proposed dates and all members of the Board were given advance notice of the provisional dates by email in December 2021.

Implications:

This item has the following implications, as indicated:

Risk management

Early approval of a programme of meetings for 2022/23 will enable the members of the Pension Board to forward plan and minimise the possibility of non-attendance at future meetings.

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

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

Agenda Item 16

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

Document is Restricted

Appendix A

(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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Agenda Item 17

(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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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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