

Lancashire County Council

Lancashire Local Pension Board

Tuesday, 26th April, 2022 in the Arthur Suite - The Exchange - County Hall,
Preston, starting at 2.00pm

Agenda

Part I (Open to Press and Public)

No. Item

1. **Welcome and Apologies**
2. **Disclosure of Pecuniary and Non-Pecuniary Interests**
3. **Minutes of the Last Meeting.** (Pages 1 - 8)
To be confirmed, and signed by the Chair.
4. **Annual Review of the Lancashire Local Pension Board.** (Pages 9 - 14)
5. **2021/22 Training Record and feedback from members of the Board on pension related training** (Pages 15 - 20)
6. **Lancashire Local Pension Board - Annual Report** (Pages 21 - 28)
7. **Regulatory Update** (Pages 29 - 34)
8. **Lancashire County Pension Fund Breaches Report** (Pages 35 - 38)
9. **Part I reports presented to the recent Pension Fund Committee** (Pages 39 - 40)
10. **Urgent Business**
An item of urgent business may only be considered under this heading where, by reason of special circumstances to be recorded in the minutes, the Chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency. Wherever possible, the Chief Executive should be given advance warning of any Member's intention to raise a matter under this heading.

11. Date of Next Meeting

The next scheduled meeting of the Board will be held at 2.00pm on 5th July 2022 in the Jordan Suite, The Exchange, at County Hall, Preston.

12. Exclusion of Press and Public

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

Part II (Not Open to Press and Public)

- | | |
|--|------------------|
| 13. Local Pensions Partnership Administration - Update | (Pages 41 - 52) |
| 14. Communications Update | (Pages 53 - 60) |
| 15. Risk Management Framework | (Pages 61 - 72) |
| 16. Lancashire County Pension Fund - Risk Register | (Pages 73 - 98) |
| 17. Part II reports from the most recent Pension Fund Committee | (Pages 99 - 100) |

L Sales
Director of Corporate Services

County Hall
Preston

Agenda Item 3

Lancashire Local Pension Board

**Minutes of the Hybrid Meeting held on Tuesday, 18th January, 2022 at 2.00 pm
in Savoy Suite 2 in The Exchange at County Hall, Preston**

Present:

Chair

William Bourne

Board Members

Tony Pounder, Employer representative - LCC (resignation effective after meeting)*
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

Sean Greene, Head of Pension Fund, Lancashire County Council
Colin Smith, Technical Adviser Pensions, Lancashire County Council
Julie Price, Senior Technical Pensions Officer, Lancashire County Council.
Mukhtar Master, Governance & Risk Officer, Lancashire County Council
Junaid Laly, Senior Governance Officer Pensions.
Mike Neville, Senior Democratic Services Officer, Lancashire County Council.
Jo Darbyshire, Managing Director, Local Pensions Partnership Administration*.

Observers

County Councillor Eddie Pope, Chair of the Pension Fund Committee
County Councillor Alan Schofield, Chair of the Audit Risk and Governance Committee.
Laura Sales, Director of Corporate Services & Monitoring Officer Lancashire County Council*
Andrew Dalecki, Head of Service - Internal Audit, Lancashire County Council*
Glyn Peach, Employer representative - LCC (w.e.f. 19th January 2022)

* indicates the person dialled into the hybrid meeting.

1. Welcome and Apologies

The Chair welcomed everyone to the meeting and noted that no apologies had been presented.

Mr Peach, who would take over from Mr Pounder as the new Employer representative for the County Council with effect from the 19th January 2022, introduced himself to the Board.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

No interests were declared at this point in respect of items of business on the agenda.

3. Minutes of the Last Meeting.

Resolved: That the Minutes of the meeting held on the 19th October 2021 are confirmed as an accurate record and signed by the Chair.

4. Feedback on training.

Individual members of the Board gave feedback on their experiences of training which they had participated in since the last meeting. Regarding the workshop on the 6th December 2021 Board members agreed that the topics covered (McCloud and the Investment Service Review) would have been better as the subjects of individual workshops and it was suggested that future workshops focus on a single topic.

Ms Moulton confirmed that she had also participated in the workshop on the Investment Service Based Review, though her name was not referred to in the report.

Resolved:

1. That the feedback from Board members regarding training activity is noted and considered when planning future training to ensure that each internal workshop is focussed on a single subject.
2. That the Training Record be amended to show that Ms Moulton participated in the 6th December 2021 internal workshop on the Investment Service Based Review.

5. Change to Death Grant Policy

Julie Price, Senior Technical Pensions Officer, presented a report on the Death Grant policy which had been revised following consultation with Lancashire Local Pensions Administration Ltd.

In considering the revised policy the Board noted the amendments regarding determination of beneficiary, delegation, and payments to the estate, as set out in the report, which were all considered to be reasonable. However, there were some concerns about the potential impact of a Trust Fund on the ability of an 18-year-old to access state funding regarding further/higher education together with practical issues. Officers were encouraged to explore the potential impacts further before presenting the final version of the revised policy to the Pension Fund Committee for approval.

Resolved: That the views of the Board regarding the potential impact of a Trust Fund on the ability of an 18-year-old to access state funding in relation to further/higher education, together with practical issues, be explored further by the Head of Fund before the final draft Death Grant Policy is presented to the Pension Fund Committee for approval.

6. Regulatory Update

Colin Smith, Technical Advisor Pensions, updated the Board on various pension related regulatory issues.

The Board discussed the level of service from Prudential over the last 18 months and the possibility of exploring alternative AVC providers for the Fund. In response the Head of Fund reported that there would be cost and potential risk implications in transferring members to an alternative provider, however, it is good practice to periodically review providers and this could be potentially explored in the future.

It was also reported that the Public Service Pensions Act 2013 Section 13 report indicated that the Fund was in a strong/healthy position in advance of the 2022 valuation and arrangements had been made for Committee/Board members to be given a presentation on the valuation on the 10th February 2022.

Resolved: That the update on pension related regulatory matters, as set out in the report presented, is noted.

7. Appeals Update

The Board considered a report on appeals received under the Internal Disputes Resolution Procedure for the period 1st January 2021 to the 31st December 2021. It was reported that most appeals related to ill health and the number of Stage 1 appeals had reduced, most likely due to training for employers provided by Local Pensions Partnership Administration Ltd.

The Chair informed the Board that this would be the last meeting which Mr Smith, Technical Advisor Pensions, attended before his retirement. On behalf of the Board the Chair thanked Mr Smith for his valuable service to both the Fund and the Pension Board over the years and wished him well for the future.

Resolved: That the contents of the report are noted.

8. Communications Update

Junaid Laly, Senior Governance Officer Pensions, updated the Board on communications activity by both the Pension Fund Team and Local Pensions Partnership Administration.

The Board noted that since the last meeting the LCPF Annual Report 202/21 had been published on the Fund website and the inclusion of a summary document highlighting specific areas of the Annual Report was welcomed.

It was reported that comments from Board members regarding a standard letter to new joiners of the pension scheme had been fed back to LPPA which was in the process of developing principles to ensure a more consistent communication style in the future. Board members also suggested that greater use be made of email alerts when significant information was published on the LPP website to encourage scheme members to check the website for updates.

The Head of Fund did mention that the general approach by LPP is to encourage members to self service via the portal, however, this point can be considered as part of the Communications Strategy review.

Resolved: That the report is noted.

9. Lancashire County Pension Fund Breaches Report

Junaid Laly, Senior Governance Officer Pensions, informed the Board that since the agenda had been circulated complete data regarding breaches during the period 1st October 2021 to 31st December 2021 had become available and did not change the figures set out in the report. The Board noted that during the specified period there had been 1 breach of contribution payments and 22 incidents which had resulted in corrective action being taken. There had also been 5 data breaches, though none had been deemed significant enough to warrant reporting to the Information Commissioner.

It was further reported that there had been 7 Code of Practice 14 breaches and 2 process breaches during the specified period, none of which had been considered significant enough to require reporting to the Pensions Regulator. In each case corrective action had been taken as soon as the breaches had been identified to minimise or prevent a future recurrence. The Board noted that some errors which resulted in breaches would be directly addressed by new systems to be introduced as part of Project PACE and the Risk and Compliance Committee at LPPA would continue to monitor the situation.

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

10. LCPF compliance with the requirements of the Pension Regulator

Mukhtar Master, Governance & Risk Officer, presented a report on the revised compliance statement for the Fund in relation to The Pension Regulators Code of Practice No 14.

A Board member suggested that under 'Administration risks' the statement regarding the volume of data managed by LPPA should include more detail. The proposed Single Code of Practice was also discussed, and the Head of Fund confirmed that the Pensions Team was working on an impact assessment that would include consideration of the potential impact for the Board and the Pension Fund Committee.

Resolved: That the comments of the Pension Board specified above be taken into consideration before the revised compliance statement for the Fund is presented to a future meeting.

11. Part I reports considered by the Pension Fund Committee

The Board considered a report on items considered by the Pension Fund Committee on the 26th November 2021 under Part I of the agenda.

- It was noted that the External Audit findings report had been approved by the County Councils Audit, Risk and Governance Committee and the LCPF Annual Report would be updated to include the contents.
- Feedback from the Pension Board had been considered by Task and Finish Group when drafting the revised LCPF Responsible Investment Policy (<https://lancashirecountypensionfund.org.uk/publications/>) which had been approved at the last Pension Fund Committee. It was reported that the Group was due to present a further report to the Pension Fund Committee regarding the RI Dashboard in March 2022.
- The Head of Fund explained the reasons for the variances regarding income and investment fees set out in the 2021/22 Budget Monitoring Report.

Resolved: That the reports considered by the Pension Fund Committee on the 26th November 2021 and subsequent decisions taken are noted.

12. Urgent Business

No items of urgent business were raised under this heading.

13. 2022/23 Programme of meetings

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

5th July 2022
18th October 2022
24th January 2023
4th April 2023

14. Date of Next Meeting

It was noted that the next scheduled meeting of the Pension Board would be held at 2.00pm on the 26th April 2022 in The Exchange at County Hall, Preston.

Jo Darbyshire, the Managing Director of Local Pensions Partnership Administration Ltd dialled into the meeting at this point.

15. Exclusion of Press and Public

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

The Chair briefly paused the meeting at this point while the live web stream was turned off.

16. Local Pensions Partnership Administration - Update

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

Jo Darbyshire, the Managing Director of Local Pensions Partnership Administration Ltd, updated the Board on various pensions administration matters including Project PACE, the first phase of which would go live on the 25th January 2022, with the second phase (including Lancashire) due to go live in Autumn 2022.

The Board considered the breakdown of payments made outside 30 days from the date of retirement set out in the report and noted that the current target in the Service Level Agreement would be reduced to 5 days which would reduce the figure for elapsed time.

It was suggested that in future LPPA encourage scheme members to give at least 2-3 months advance notice of retirement, and employers to provide detailed information to enable retirements to be processed in a timely fashion. Communication with scheme members was also discussed and the Board suggested that greater use of email alerts and that more information be published on the Fund website.

It was also noted that implementation of Project PACE for Lancashire was expected to lead to a reduction in breaches as the requirement for manual handling of information would be reduced

Resolved: That the LPPA Managing Director be thanked for her attendance and that the report and updates given at the meeting are noted.

17. LCPF Risk Update

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

Mukhtar Master, Governance & Risk Officer, presented a report on five key risks associated with investments from the Risk Register for the Fund.

The Board discussed local investments within the Real Estate portfolio and noted that information regarding such investments was presented to the Pension Fund Committee as part of the reporting on responsible investment and included in the LCPF Annual Report. It was also noted that an update on the Park Hotel development in Preston would be presented to the next meeting of the Committee.

The Board also reviewed the new templates for individual risks and suggestions were made as to how future reporting could be improved, focussing on the key risks across the Register and developing the information presented regarding controls, events which relate to the risk and actions taken to mitigate risk, so that the templates were evolving documents that would provide greater assurance.

Resolved: That the improved reporting around individual risks, as set out in the report presented, is welcomed and that the Head of Fund and Pensions Team continue to work with others to develop future reporting by

- a) focussing on key risks identified across the Risk Register.
- b) including, when appropriate, more detailed information in the templates for individual risks regarding the controls in place, events during the quarter that have influenced the current risk rating and any activity taken to mitigate the risk.

18. Part II reports considered by the recent Pension Fund Committee

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

The Head of Fund reported that the Pension Team continued to review data ahead of the Valuation and indications were that the Fund was in a strong position in terms of the data collected.

It was reported that the position of independent Investment Adviser to the Fund had been advertised and arrangements were in place for the Appointments Sub Committee to shortlist applications and interview candidates before the successful candidate is presented to the Committee in March 2022.

Resolved: That the reports considered by the Pension Fund Committee on the 26th November 2021 under Part II of the agenda and subsequent decisions taken are noted.

Mr T Pounder

The Chair informed the Board that this would be the last meeting attended by Mr Pounder as an employer representative of the County Council and thanked Mr Pounder for his contributions to the work of the Board over the last 4 years.

County Hall
Preston

L Sales
Director of Corporate Services

Lancashire Local Pension Board

Meeting to be held on Tuesday, 26 April 2022

Electoral Division affected: None;

Annual Review of the Lancashire Local Pension Board.

(Appendix 'A' refers)

Contact for further information:

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

Executive Summary

A summary report by the Chair of the Pension Board (attached at Appendix 'A') regarding the main points which came out of his series of one to one meetings with individual Board members and others together with recommendations for the future.

Recommendation

The Board is asked to consider and approve the recommendations of the Chair of the Lancashire Local Pension Board, as set out in Appendix 'A'.

Background and Advice

Item 6 (d) of the Terms of Reference for the Lancashire Local Pension Board states that one of the roles of the Chair is to 'facilitate the Annual Review of the effectiveness of the operation of the Board over the previous year and draft a report on the findings for inclusion in the Annual Report of the Fund'.

In January 2022 arrangements were made for Mr W Bourne, the independent Chair of the Board, to have a series of one to one meetings with individual Board members, the Chair of the Pension Fund Committee, Head of the Fund and the Senior Democratic Services Officer to discuss the operation of the Board over the past year. Following the meetings, the Chair has produced a report summarising his findings a copy of which is set out at Appendix 'A'.

The summary report is presented for information alongside a draft 2021/22 Annual Report from the Pension Board elsewhere on the agenda which, if approved, will be submitted to the Pension Fund Committee for consideration and inclusion in the draft 2022 Annual Report for the Lancashire County Pension Fund which will subsequently be presented to full Council for approval.

Consultations

All members of the Board have been consulted on the summary report. A copy has also been shared with the Head of the Pension Fund.

Implications:

This item has the following implications, as indicated:

Risk management

It is a matter of good governance to regularly review the effectiveness of the operation of the Pension Board as reflected in the requirement for the Chair facilitate an Annual Review as set out at Item 6 (d) of the Terms of Reference for the Lancashire Local Pension Board.

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		

Appendix A

Report on Lancashire Pension Board Appraisal 2022

This report summarises the main points which came out of the appraisal meetings I held with Local Pension Board (LPB) members and Officers and makes recommendations to improve its effectiveness and efficiency.

William Bourne, Independent Chair of the Local Pension Board

20th January 2022

Meetings held

Name	Representative	Date
Carl Gibson	Employers	18 th January 2022
Kathryn Haigh	Members	19 th January 2022
Sean Greene	Officer	19 th January 2022
Mike Neville	Officer	19 th January 2022
Steve Thompson	Employers	18 th January 2022
Tony Pounder (retiring)	Employers	18 th January 2022
Yvonne Moulton	Members	18 th January 2022
Matthew Salter	Employers	19 th January 2022
Deborah Parker	Members	18 th January 2022
Kevin Ellard	Members	19 th January 2022

General

The LPB is obliged to conduct an annual appraisal under its Terms of Reference (Section 6), with the purpose of reviewing and improving its efficiency and effectiveness. As Chair, I also find it helpful to have one-on-one conversations with members and Officers outside formal LPB meetings. This year I held meetings with all Board members, some in person and others virtually. One was held by phone.

In general, members are confident that the LPB has continued to perform its key role of assisting the Pension Fund Committee in ensuring the Fund works efficiently and effectively. One member described it as ‘a year of ticking over’ but in my view there has been demonstrable value added from board initiatives:

- A better controls’ framework at LPPA, providing greater reliance on the assurances we are given
- Improvements to the process of communicating to members by letter
- A more active risk register.

Board efficiency

There was agreement that the LPB has a good mix of experience and works well as a body. One member commented that it had been successful in creating a closer relationship with both Officers at LCC and also with service providers at LPPA, and members are committed and enthusiastic. The detailed experience individual members can bring to bear has clearly added value.

There were no resignations during the year, but Tony Pounder reaches the end of his four-year term as an LCC employer representative in January 2022 and will be replaced on the Board by Glyn Peach. During the next 18 months four longstanding members and the Chair will reach the end of their terms. A succession plan is in place, but there will be a considerable burden placed on the remaining members in the short term.

The meetings in April and July were held virtually, October's in person, and January's in a hybrid format. The general view was that in person works best, even though it may at times be acceptable for service providers and external presenters to attend virtually. The new arrangements within the Exchange suite work well, allowing for social distancing if required, though there has been the odd problem with the IT arrangements (e.g. January 22 meeting).

One member made the pertinent comment that if Board meetings are to be held in person, we should schedule them for two and a half hours, as used to happen pre-COVID, rather than the shorter two-hour virtual meetings, to allow a fuller conversation. A short comfort break in the middle should be incorporated if possible.

We continue to allocate subject areas to individual members to lead LPB debates. Members have indicated that is helpful both in stimulating engagement and mitigating the reading burden, and we will continue the practice in 2022. I have set down below the suggested areas of responsibility for each member and, as before, will do my best when meeting papers are published to let each member know the agenda items I expect them to lead on. I emphasize that all members are still expected to read papers and contribute to the discussions as they think fit.

Members were clear that Officers across LCC provide effective support to the LPB, both in the management of the Board and the implementation of initiatives. A lot of work has been done on the Risk Register and on the LPPA reporting format, which are now substantially more informative.

Board value for money and effectiveness

2020 was unusual, but 2021 saw a welcome return to something like normal activities. Even though the Board was unable to meet in person every time, we were able to cover all the activities which our remit requires. LPB members' ability to provide informed challenge to service providers keeps the latter focused on the Fund's interests, and its non-political nature allows it both to debate issues and to provide comments and advice from a neutral perspective. I have noted above some areas where over the past 12 months Board initiatives have led to a demonstrable improvement in the Fund's governance or effectiveness.

I have no recommendations to make in this area but observe that there remains some tension between the need for collaboration between LPPA and the LCPF PFC/LPB and the fact that they are different entities with sometimes different agendas and accountability. As one Board member commented, it has been helpful that the LPPA CEO has made time to present to the LPB herself (virtually or in person), as that has provided significant reassurance.

Training

Training has largely been delivered online and in-house together with the PFC. Members noted that on-line training was more time-efficient and recording it allowed them to fit sessions into busy schedules. They also commented positively on the quality of presentations. A number of members felt that on-line training lost its effectiveness after about two hours, and it is recommended that topics needing longer be broken into more than one session.

With four new members to be appointed over the next 18 months, induction training should have a high priority. It is particularly important for new Board members, who do not have relevant pensions or financial experience, to ensure they have sufficient knowledge in order to be fully engaged. I make recommendations in this area.

Suggestions for training for 2022 included:

- General refresh on the legal framework and requirements both for LPB members and the Fund (from last year)
- The new PACE administration system
- New service level contracts with LPPA and LPPI
- Valuation (scheduled for February)
- Longer term effects of COVID.

Topics for 2022

Last year we focused on the control frameworks and governance over LPPA and the risk register, mounting initiatives on each. LPPA are focusing on the transfer to the new administration system over the next 18 months and monitoring progress here will be a significant activity in 2022. Lack of bandwidth at LPPA will limit the Fund's ability to do much on the administration side, but Board members wanted to maintain momentum on both these fronts.

Almost all Board members mentioned engagement and communications as a topic to concentrate on in 2022. They would like to see a more pro-active approach in communicating with members when the latter are at important stages in their pension journey, and with employers in what is a valuation year. It may also be helpful to remind members of the purpose of the LPB in a year when we will need to recruit four new Board members.

For the first time in seven years, there was more mention of investments from Board members. Recent performance was mentioned, also value for money and the risk of the time spent on Responsible Investment crowding out other important investment functions.

Recommendations

Board efficiency

1. Continue to allocate particular areas of Board activity to selected Board members with lead responsibility during discussions (changes since 2021 are highlighted in yellow).

Area	Includes	Members
Compliance with regulations and statutory guidance	TPR, LGPS regulations	KH, KE
Communications	Engagement, comms policy	DP, CG
Administration	KPIs, ABSs, admin breaches	YM, ST
IT	systems data protection, cyber	GP, MS
Investment policy documents	ISS, actuarial report, responsible Investment	DP, ST
Service providers governance	LPP, custodian, audit	GP, YM
Risk register		CG, KE

2. The Board revert to face-to-face meetings as the default format, albeit with facilities for presenters to present on-line. Meetings should be scheduled to last 2.5 hours.

Training

3. Review induction training (carried over from last year). Identify suitable external training for new members.

Lancashire Local Pension Board

Meeting to be held on Tuesday, 26 April 2022

Electoral Division affected: None;

2021/22 Training Record and 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

A copy of the 2021/22 Training Record for the Board is presented for information together with details of training involving Board members which has taken place since the last meeting.

Recommendation

The Board is asked to note the contents of the 2021/22 Training Record as set out at Appendix 'A' to this report, together with any feedback from individual members given at the meeting in relation to training received since the last Board.

Background and Advice

The Training Plan sets out the approach to supporting the learning/development needs of individuals with responsibility for the strategic direction, governance, and oversight of the Lancashire County Pension Fund through their membership of the Pension Fund Committee or the Lancashire Local Pension Board.

Over the last 12 months Board members have had the opportunity to participate in various training sessions including internal workshops, presentations, and external conferences/events, many of which were held remotely due to Covid-19 related restrictions. The participation by individual Board members in training events is noted in the Training Record, which informs the Lancashire County Pension Fund Annual Report, and a copy of the 2021/22 Training Record is attached as Appendix 'A' to this report.

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.

LGPS Governance Conference – 20th/21st January 2022,

Mr K Ellard participated in the online event.

Internal Workshop on the LCPF Valuation – 10th February 2022

Mr C Gibson, Mr G Peach, Mr S Thompson, Ms K Haigh, Ms Y Moulton, Ms D Parker, and Mr K Ellard all participated in the workshop remotely via MS Teams.

Internal Workshop on the LPPI Budget – 18th February 2022

The Chair, County Councillor M Salter, Mr C Gibson, Mr G Peach and Ms Y Moulton all participated in the workshop remotely via MS Teams. Ms D Parker accessed the recording of the workshop later via the secure online library.

Internal Workshop on Employer Risk and Engagement – 29th March 2022

County Councillor M Salter and Ms D Parker participated in the workshop remotely via MS Teams.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

Without the required knowledge/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	11 th August 2021	Mike Neville 01772 533431
Attendance records for internal pension workshops	10 th February 2022 18 th February 2022 29 th March 2022	Mike Neville 01772 533431

Reason for inclusion in Part II if appropriate

N/A

Lancashire Local Pension Board - Training Record for 2021/2022

Date	Event/Conference/Workshop/Online	Venue	Provider	Hours
William Bourne (Independent Chair)				
18/19 May 2021	PLSA Local Authority Conference	Online	PLSA	17.30 total
1 Sept 2021	Internal Workshop on LCPF Annual Report and accounts	Zoom	P Worth, Worth Technical Accounting Solutions Ltd	0.50
6 Oct 2021	Internal Workshop – Update on Responsible Investment.	Zoom	F Deakin, Head of Responsible Investment, LPP	1.30
26 Nov 2021	Pre-Committee briefing – impact of C-19 in Fund	County Hall	C Rule, Chief Executive, LPP	0.30
6 Dec 2021	Internal Workshop – McCloud	MS Teams	N Lewin LPPA	1.00
6 Dec 2021	Internal Workshop – Update on the Investment Service Based Review	MS Teams	E Lambert/A Devitt Investment Advisers	1.00
18 Feb 2022	Internal Workshop – Local Pensions Partnership Budget 2021/22	County Hall & MS Teams	Adrian Taylor, Chief Finance Officer, LPP	1.30
11 th March 2021	Pre-Committee briefing – Investment Service Based Review	County Hall	E Lambert/A Devitt Investment Advisers	0.30
23 June 2021	Training session for Audit Risk and Governance Committee & others on Statement of Accounts	Online	P Worth – Worth Technical Accounting Solutions	2.00
1 Sept 2021	Internal Workshop on LCPF Annual Report and accounts	Zoom	P Worth, Worth Technical Accounting Solutions Ltd	0.50
6 Oct 2021	Internal Workshop – Update on Responsible Investment.	Zoom	F Deakin, Head of Responsible Investment, LPP	1.30
18 Feb 2022	Internal Workshop – Local Pensions Partnership Budget 2021/22	County Hall & MS Teams	Adrian Taylor, Chief Finance Officer, LPP	1.30

29 March 2022	Internal Workshop – Employer Risk and Engagement	County Hall & MS Teams	M Wilson/L Johnson, Mercers	1.20
Tony Pounder (Employer Representative – Lancashire County Council) Resigned 18th January 2022				
29 Apr 2021	Private Markets Investors Forum Virtual Seminar - Measuring RI in Private Markets.	Online	The European Pension Fund Investment Forum	1.20
6 Oct 2021	Internal Workshop – Update on Responsible Investment.	Zoom	F Deakin, Head of Responsible Investment, LPP	1.30
Glyn Peach (Employer representative – Lancashire County Council) wef 19th January 2022				
28 Sept 2021	CIPFA training event for Local Pension Board members (introduction to the work of the Board)	Online	CIPFA	6.00
10 Feb 2022	Internal Workshop on the LCPF Valuation	MS Teams	Mr M Wilson, Mercers	1.30
18 Feb 2022	Internal Workshop – Local Pensions Partnership Budget 2021/22	County Hall & MS Teams	Adrian Taylor, Chief Finance Officer, LPP	1.30
Steve Thompson (Employer Representative – Unitary, City, Borough Councils, Police & Fire)				
6 Dec 2021	Internal Workshop – McCloud	MS Teams	N Lewin LPPA	1.00
6 Dec 2021	Internal Workshop – Update on the Investment Service Based Review	MS Teams	E Lambert/A Devitt Investment Advisers	1.00
10 Feb 2022	Internal Workshop on the LCPF Valuation	MS Teams	Mr M Wilson, Mercers	1.30
Carl Gibson (Employer Representative – Other Employers)				
1 Sept 2021	Internal Workshop on LCPF Annual Report and accounts	Zoom	P Worth, Worth Technical Accounting Solutions Ltd	0.50
28 Sept 2021	CIPFA training event for Local Pension Board members	Online	CIPFA	6.00
6 Dec 2021	Internal Workshop – McCloud	MS Teams	N Lewin LPPA	1.00
10 Feb 2022	Internal Workshop on the LCPF Valuation	MS Teams	Mr M Wilson, Mercers	1.30
18 Feb 2022	Internal Workshop – Local Pensions Partnership Budget 2021/22	County Hall & MS Teams	Adrian Taylor, Chief Finance Officer, LPP	1.30
Kathryn Haigh (Scheme Member Representative)				

1 Sept 2021	Internal Workshop on LCPF Annual Report and accounts	Zoom	P Worth, Worth Technical Accounting Solutions Ltd	0.50
6 Dec 2021	Internal Workshop – McCloud	MS Teams	N Lewin LPPA	1.00
6 Dec 2021	Internal Workshop – Update on the Investment Service Based Review	MS Teams	E Lambert/A Devitt Investment Advisers	1.00
10 Feb 2022	Internal Workshop on the LCPF Valuation	MS Teams	Mr M Wilson, Mercers	1.30
Yvonne Moulton (Scheme Member Representative)				
1 Sept 2021	Internal Workshop on LCPF Annual Report and accounts	Zoom	P Worth, Worth Technical Accounting Solutions Ltd	0.50
6 Dec 2021	Internal Workshop – McCloud	MS Teams	N Lewin LPPA	1.00
6 Dec 2021	Internal Workshop – Update on the Investment Service Based Review	MS Teams	E Lambert/A Devitt Investment Advisers	1.00
10 Feb 2022	Internal Workshop on the LCPF Valuation	MS Teams	Mr M Wilson, Mercers	1.30
18 Feb 2022	Internal Workshop – Local Pensions Partnership Budget 2021/22	County Hall & MS Teams	Adrian Taylor, Chief Finance Officer, LPP	1.30
Deborah Parker (Scheme Member Representative)				
9 June 2021	Presentation to newly appointed members of the Pension Fund Committee.	Viewed from Library	S Greene, Head of Fund and G Smith (LPP)	1.30
23 June 2021	Training session for Audit Risk and Governance Committee & others on Statement of Accounts	Viewed from Library	P Worth – Worth Technical Accounting Solutions	2.00
1 Sept 2021	Internal Workshop on LCPF Annual Report and accounts	Zoom	P Worth, Worth Technical Accounting Solutions Ltd	0.50
6 Oct 2021	Internal Workshop – Update on Responsible Investment.	Zoom	F Deakin, Head of Responsible Investment, LPP	1.30
28 Oct 2021	Overview of the Local Government Pension Scheme Webinar	Online	Barnett Waddingham	2.45
6 Dec 2021	Internal Workshop – McCloud	MS Teams	N Lewin LPPA	1.00
6 Dec 2021	Internal Workshop – Update on the Investment Service Based Review	MS Teams	E Lambert/A Devitt Investment Advisers	1.00

10 Feb 2022	Internal Workshop on the LCPF Valuation	MS Teams	Mr M Wilson, Mercers	1.30
18 Feb 2022	Internal Workshop – Local Pensions Partnership Budget 2021/22	County Hall & MS Teams	Adrian Taylor, Chief Finance Officer, LPP	1.30
29 March 2022	Internal Workshop – Employer Risk and Engagement	County Hall & MS Teams	M Wilson/L Johnson, Mercers	1.20
Kevin Ellard (Scheme Member Representative)				
1 Sept 2021	Internal Workshop on LCPF Annual Report and accounts	Zoom	P Worth, Worth Technical Accounting Solutions Ltd	0.50
6 Oct 2021	Internal Workshop – Update on Responsible Investment.	Zoom	F Deakin, Head of Responsible Investment, LPP	1.30
6 Dec 2021	Internal Workshop – McCloud	MS Teams	N Lewin LPPA	1.00
6 Dec 2021	Internal Workshop – Update on the Investment Service Based Review	MS Teams	E Lambert/A Devitt Investment Advisers	1.00
20/21 Jan 2022	LGPS Governance Conference	Online	Local Govt Association	7.50
10 Feb 2022	Internal Workshop on the LCPF Valuation	MS Teams	Mr M Wilson, Mercers	1.30

Lancashire Local Pension Board

Meeting to be held on Tuesday, 26 April 2022

Electoral Division affected: None;

Lancashire Local Pension Board - Annual Report 2021/22

(Appendix 'A' refers)

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

Executive Summary

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

Recommendation

The Board is asked to approve the draft Annual Report for 2021/22, as set out at Appendix 'A', and recommend it to the Pension Fund Committee on 17th June 2022 for approval and inclusion in the Lancashire County Pension Fund Annual Report.

Background and Advice

The Terms of Reference for the Lancashire Local Pension Board include the requirement that the Board "shall on an annual basis produce a report on both the nature and effect of its activities for consideration by the Administering Authority".

The Chair of the Pension Board has produced a draft Annual Report for 2021/22 (attached at Appendix 'A') which includes the following.

- A summary of the Boards activity during the year.
- Details of Board member attendance at meetings.
- Training and development events which Board members have participated in during the year.
- The operational cost of the Board.

Subject to the Board's approval, the Annual Report will be presented to the Pension Fund Committee on 17th June 2022 for consideration and, if approved, will then be incorporated into the Lancashire County Pension Fund's Annual Report when it is submitted to full Council for approval.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

There are no significant risks associated with the proposals set out in this report.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
Attendance Sheets for meetings of the Lancashire Local Pension Board	April 2021 to March 2022	Mike Neville (01772) 533431
The Training Record for members of the Lancashire Local Pension Board	April 2021 to March 2022.	Mike Neville (01772) 533431

Reason for inclusion in Part II, if appropriate

N/A

Lancashire Local Pension Board – Annual Report 2021/22

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

After seven years, the Board has established an effective way of using its members' expertise to add value to the Committee's work. We create an annual Work Plan to ensure that we cover all the activities we should and that our workflow is aligned with that of the Committee. The core of our work is to review the reports and compliance assurances which support the Fund's activities and comment on them to the Committee.

Where specific expertise is helpful, members of the Board may work with Officers or the Committee on projects or areas. Two Board members, Yvonne Moulton and Steve Thompson, have for several years sat on a Working Party to provide feedback on administration matters, and Carl Gibson spent time this year on reviewing the Risk Register which I comment on below.

We are always aware that our role is to assist the Committee and a good relationship between the two bodies is essential. I meet County Councillor Pope (Chair of the Committee) regularly and attend as many Committee meetings as I can. We also welcome County Councillor Pope and other Committee members to our meetings.

At an operational level, the Officers involved in managing the Fund, and to a large extent the Local Pensions Partnership Investments Limited and Local Pensions Partnership Administration Limited (LPPI and LPPA respectively) staff who provide the bulk of services to the Fund, have continued to work from home during this year. With the help of IT improvements, service levels have generally remained high throughout this period, and towards the end of it there has been a partial return to the office.

Membership of the Pension Board

The Board has nine members: four Employer representatives, four Scheme Member representatives, and an Independent Chair. With the exception of the Chair, Board Members serve a maximum of eight years, and are not remunerated, other than for expenses incurred in attending meetings or training.

During the year, there was one change to the membership of the Board when Tony Pounder, the Director of Adult Services at Lancashire County Council retired in January 2022. Glyn Peach, Director of Digital Services was appointed as the replacement employer representative from the County Council. I would like to thank Tony for his time on the Board and to welcome Glyn.

There will be significantly more change next year when four members and I come to the end of our second and final four-year terms.

The Board has a budget to cover both its expenses and to allow it to commission reports if required. During the year the cost of running the Board came to £9,105.

Attendance of Board members at meetings

The Board has met remotely and in person (with provision for members to attend virtually if necessary), during the year. Looking forward, we expect meetings to be in person, although we will use the benefits of technology to allow presenters to do so virtually if required.

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

Name	Representing	6 th July 2021	19 th Oct 2021	18 th Jan 2022	26 th Apr 2022*
W Bourne	Independent Chair	✓	✓	✓	
County Councillor M Salter	Employer rep LCC	✓	✓	✓	
T Pounder	Employer rep LCC	✓	✓	✓	N/A
G Peach	Employer rep LCC	N/A	N/A	Observer	
S Thompson	Employer rep Unitary, City, Borough, Police & Fire	✓	✓	✓	
C Gibson	Employer rep Others	✓	✓	✓	
K Haigh	Scheme Member rep	✓	✓	✓	
Y Moulton	Scheme Member rep	✓	✓	✓	
D Parker	Scheme Member rep	✓	✓	✓	
K Ellard	Scheme Member rep	✓	✓	✓	

*the table will be updated with attendance from this meeting before being presented to the Pension Fund Committee in June 2022.

Changes to the membership of the Board

Glyn Peach, Director of Digital Services at Lancashire County Council, replaced Tony Pounder, Director of Adult Services as an employer representative on the Board.

Training

The Board is under a legal obligation to ensure its members maintain their levels of knowledge and understanding through regular training. We conduct an analysis of training needs once a year as part of our Annual Review, which becomes an agenda item at our next meeting. Internal training workshops during this year were conducted by webinar in conjunction with the Committee, with recordings being

made available for those unable to attend. This appeared to increase participation levels considerably and will continue for most future training. Board members will still have opportunities to attend external training events during the year and are expected to complete the online training modules from The Pension Regulator's Public Service toolkit.

During the year internal training sessions were held on the following subjects:

June 2021- Audit, risk and governance – LCC Statement of Accounts
 Sept 2021 - LCPF Annual Report and accounts
 Oct 2021 - Update on responsible investment
 Dec 2021 - McCloud
 Dec 2021 - Update on the LCPF Investment Service Based Review
 Feb 2022 - LCPF Valuation
 Feb 2022 - Local Pensions Partnership Budget 2021/22
 Mar 2022 - Employer Risk and Engagement.

The table below shows the number of internal/external training events individual Board members attended during the period 1st April 2021 to 31st March 2022.

Name	Internal events	External events	Total
W Bourne	7	1	8
County Councillor M Salter	5	0	5
T Pounder (up to January 2022)	1	1	2
G Peach (from January 2022)	2	1	3
S Thompson	3	0	3
C Gibson	4	1	5
K Haigh	4	0	4
Y Moulton	5	0	5
D Parker	9	1	10
K Ellard	5	1	6
			51

Note – during 2021/22 external events continued to be impacted by the restrictions introduced in response to the COVID-19 pandemic.

Further information about the Board, including agenda and minutes of meetings can be viewed on the Lancashire County Pension Fund website at <https://lancashirecountypensionfund.org.uk/>

Activities

The Board's focus is much more on administration and governance than it is on investments. During the year we spent considerable time on two topics in particular.

The first was verifying the control framework which lies behind the assurance statements we receive from LPPA. Here we were behind the commissioning of a report from PwC, received in early 2021, which led to tightening up a number of

areas. LPPA will implement their remaining recommendations after the switch to a new pensions administration system in 2022.

Preparation for this latter project was the second major topic. We have discussed it at every meeting and following our input LPPA commissioned an independent audit ahead of the project going live to identify and mitigate potential risks. A project of this size will almost inevitably hit some bumps along the way, but the scrutiny provided by the Board has helped to maximise the chance that it is successful. The Lancashire County Pension Fund is expected to move to the new pension administration system in Autumn, 2022.

Regardless of events elsewhere, the core of the Board's work remains one of oversight. At every meeting, we look at any breaches of the regulations and consider the Key Performance Indicators agreed with LPPA as indicators or performance levels. We also reviewed various policy documents, including this year the Cyber Security annual report and Death Grants policy, and the results of appeals. The wide range of expertise among Board members as well as the fact that they are all users of the Fund, either employers or members of the Fund, means we are well placed to provide useful and relevant feedback to the Committee.

During the year we spent significant time on the Fund's Risk Register, where the Board has worked with officers to make the document more 'live' and to develop a heat map. We have also encouraged a greater awareness of who is responsible for monitoring each risk, what the key metrics should be, and the need for regular updating of the underlying environment for each risk. We hope the result will help both the Committee and Board to monitor risks as they evolve, and to focus their limited time usefully.

In the next year the key task will be ensuring that the implementation of the new pension administration system happens without major problems. This is inevitably taking up a lot of LPPA's time and resources, and we therefore expect to be alert to signs of any potential lapses from normal service elsewhere. One area we expect to spend some time on is communications and engagement, which will be important given the new administration system.

I commented last year that we were expecting significant regulatory change over the following 12 months. In practice, Parliament's busy legislation schedule has delayed much of what we expected. That means we are still waiting for the following: The Pensions Regulator to combine the public sector Code of Practice 14 with nine other codes covering pension funds; the newly named Department of Levelling Up, Housing and Communities to publish new guidance on maintaining investment strategy statements, including further requirements on pooling, climate change risk disclosure, and possibly levelling up; and new statutory guidance to implement the recommendations made in the Scheme Advisory Board's Good Governance project back in 2019.

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

Under the Board's Terms of Reference, I am required to make a statement in respect of my annual review of the Board's effectiveness. I conducted the review in January 2022, and the recommendations I made were again relatively minor as reported to the Board in April 2022. I believe the Board operates effectively and efficiently and fulfils its legal and regulatory requirements.

I would like to finish by thanking the officers at the County Council who support us in our duties. As part of the annual review, I speak individually to Board members, and I can record full agreement that in another challenging year we have been ably and effectively supported by the whole team. It gives me pleasure to recognise that publicly in this report.

William Bourne, Independent Chair of the Lancashire Local Pension Board
April 2022

Lancashire Local Pension Board

Meeting to be held on Tuesday, 26 April 2022

Electoral Division affected:
(All Divisions);

Regulatory Update

Contact for further information:

Julie Price, 01772 530848, Technical Pensions Lead, Lancashire County Pension Fund, Julie.Price5@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. 2022/23 employee contribution bands

Below are the employee contribution bands which will be effective from 1 April 2022. These are calculated by increasing the 2021/22 employee contribution bands by the September 2021 CPI figure of 3.1 per cent and then rounding down the result to the nearest £100.

Table 1: Contribution table England and Wales 2022/23

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £15,000	5.50%	2.75%
2	£15,001 to £23,600	5.80%	2.90%
3	£23,601 to £38,300	6.50%	3.25%
4	£38,301 to £48,500	6.80%	3.40%
5	£48,501 to £67,900	8.50%	4.25%
6	£67,901 to £96,200	9.90%	4.95%
7	£96,201 to £113,400	10.50%	5.25%
8	£113,401 to £170,100	11.40%	5.70%
9	£170,101 or more	12.50%	6.25%

This table has been updated on LPPA's website and is included in a Year End Bulletin to all scheme employers.

2. Automatic enrolment trigger remains the same

The Department of Work and Pensions (DWP) has published its review of the automatic enrolment trigger for 2022/23. The earnings trigger will remain at £10,000. This is a real term decrease in the value of the trigger. The Government estimates this will bring 17,000 more savers into pension savings compared with increasing the trigger in line with average wage growth.

3. Prudential

Following a complaint lodged by Local Pensions Partnership Administration (LPPA), Prudential have responded acknowledging that due to the introduction of new systems the level of service being experienced across all areas of their business, including the LGPS, has been unacceptable. They have highlighted that a service recovery plan is in place to bring their service levels back to normal and have confirmed that they have recruited additional resource to improve performance in all areas.

Although the situation is much improved, LPPA have recently reported that there are still delays in responsiveness from Prudential and difficulties in getting through to them, which can impact particularly on retirements with AVCs. This will continue to be monitored and reported to the Fund.

A new Prudential Client Manager is about to be allocated to the Fund, and the Pension Fund Team will raise any ongoing concerns with them.

4. Single Code of Practice

The Pensions Regulator (TPR)'s new single Code of Practice (SCOP) is expected to be laid before Parliament in June/July 2022 and to come into force from October 2022.

The Pension Fund Team are currently undertaking a project for the transition to the new SCOP during this year. The current task as part of this project, is an impact assessment of the new and amended modules of the new SCOP. Further information on this will be provided to a future meeting of the Board.

5. Department of Levelling Up, Housing and Communities (DLUHC) Levelling Up White Paper

On 2 February 2022, DLUHC published the Levelling Up White Paper which includes the Government's intention to ask LGPS pension funds, working with the asset pools, to publish plans for increasing local investment, including setting an ambition of up to 5 percent of assets invested in projects which support local areas. We understand that 'local' refers to UK projects, rather than to projects local to a particular administering authority.

DLUHC are expected to issue a consultation before the Parliamentary summer recess. We understand that consultation will also cover climate risk and reporting regulations and pooling guidance. The Fund will review the forthcoming consultation and either respond directly or via LPP.

6. New member website and LGPS brand

There is now a new LGPS member website, which better meets accessibility requirements. The address of the website has not changed, it is still www.lgpsmember.org and can be accessed from LPPA's main website.

LGA are encouraging administering authorities to publicise the new site to employers and members. LPPA are communicating this to employers using the Pension Pulse employer newsletter and have added it as a LinkedIn post.

7. Department of Work and Pensions (DWP) launch second review of State Pension age

The review was launched on 14 December 2021. It will consider if the State Pension age (SPA) rules are still appropriate based on the latest life expectancy data and other evidence.

The Pensions Act 2014 requires Government to regularly review SPA and for the latest review to be published by 7 May 2023.

State Pension age is currently 66 and two further increases are currently set out in legislation: a gradual rise to 67 for those born on or after April 1960; and a gradual rise to 68 between 2044 and 2046 for those born on or after April 1977. The first Review of State Pension age was undertaken in 2017 and concluded that the second review should consider whether the increase to age 68 should be brought forward to 2037-39.

Two independent reports will be commissioned as part of the review:

- the Government Actuary will provide a report assessing the appropriateness of SPA considering the latest life expectancy projections
- Baroness Neville-Rolfe will provide a report on other relevant factors including recent trends in life expectancy and other metrics.

On 9 February 2022, DWP launched a call for evidence to gather views to feed into Baroness Neville-Rolfe's report. The independent report call for evidence will close on 25 April 2022.

Since 2014 the normal retirement age for CARE benefits in the LGPS has been linked to SPA, so any change to this will impact when members are able to receive payment of their benefits as well as the overall costs of the scheme.

8. Department of Work and Pensions (DWP) responds to nudge consultation

The DWP responded to its consultation 'Stronger Nudge to pensions guidance' on 17 January 2022. On the same day, the DWP laid before Parliament the

Occupational and Personal Pension Schemes (Disclosure of Information) (Requirements to Refer Members to Guidance etc) (Amendment) Regulations 2022. The regulations come into force on 1 June 2022.

The regulations will require pension schemes to explain the nature and purpose of Pension Wise guidance and facilitate the booking of a Pension Wise appointment as part of the application process. The regulations will also require the member to have confirmed that they have received the guidance or opted out of receiving it before the scheme can action the application.

Administering authorities will need to give the stronger nudge where it receives an application from a member to start receiving their additional voluntary contributions (AVCs) on or after 1 June 2022. The regulations also apply to applications from members aged 50 or over to transfer out their AVCs.

9. Government confirms 2022 revaluation and publishes PI multiplier tables

On 20 January 2022, the Government made a written statement on indexation and revaluation in public service pension schemes and published the 2022 pensions increase (PI) multiplier tables.

The statement confirms, as expected, that public service pensions will increase on 11 April 2022 by 3.1 per cent, except for pensions that have been in payment for less than a year, which will receive a pro-rata increase. The statement also confirms that active LGPS CARE accounts will increase on 1 April 2022 by 3.1 per cent.

10. Finance Act 2022 receives Royal Assent

The Finance Act received Royal Assent on 24 February 2022. The provisions of the Act relevant to the LGPS are summarised below.

Clause 9: Annual allowance deadlines

Deadlines for electing for scheme pays and associated payment and reporting deadlines will be extended for certain members who are informed of a change in pension input amount for a past pension input period.

Clause 10: Normal minimum pension age

The normal minimum pension age will increase from 55 to 57 from 6 April 2028. The Act provides for protected pension ages for members who meet the entitlement condition. DLUHC will need to amend the LGPS regulations to introduce a protected pension age for LGPS.

Clause 11: Power to change tax rules related to the McCloud remedy

The Act provides HM Treasury with the power to make regulations to address tax impacts that arise as a result of implementing the McCloud remedy. The regulations will have retrospective effect.

11. McCloud

The Government tabled further amendments to the Public Service Pensions and Judicial Offices (PSPJO) Bill on 21 January 2022 which were accepted. The main amendments relevant to the LGPS are:

- redefine “remediable service” so that it also potentially covers members who left the Scheme before 31 March 2012 and have subsequently returned to LGPS
- extend the types of scheme membership which would not count as a disqualifying break to include that of broadly comparable schemes which were offered as a result of a local government contracting-out transfer
- allow regulations to provide final salary benefits for transferred-in service from different public service schemes where the service benefitted from final salary protection in the other scheme
- allow regulations to restrict service between 1 April 2014 and 31 March 2022 from having final salary protection unless the member has transferred in or aggregated previous service

The PSPJO Bill received royal assent on 10 March 2022.

Department of Levelling Up, Housing and Communities (DLUHC) wrote to all LGPS Administering Authorities in March 2022 to outline the assumptions to be made around the McCloud remedy when valuing members' benefits and setting contribution rates during the 2022 Valuation process, as they want to ensure consistency between funds.

The Local Government Association have publicly stated that they believe that the regulations will come into force on 1 October 2023, although this has not been formally confirmed.

12. Dashboards

Department of Work and Pensions (DWP) published a consultation on the draft Pensions Dashboards Regulations on 31 January 2022. The consultation closed on 13 March 2022 and the Local Government Association have now published their response to the consultation.

The consultation proposed a staging deadline of the end of April 2024 for public service pension schemes, including the LGPS. This means that LGPS administering authorities will need to be able to connect to the digital architecture by this date and be ready to provide individuals' data to them via the dashboards. However, the LGA's views is that the proposed deadline is too ambitious given the pressures within LGPS and that April 2025 is more realistic.

13. Pension scams prevention: proposed rule changes

The Department of Work and Pensions (DWP) has confirmed that it may make changes to The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 that came into force in November 2021. The changes

would mean that the presence of low-risk overseas investments in a receiving scheme would no longer constitute an amber flag (which requires directing of members to guidance).

The November 2021 changes, which required administering authorities to apply more diligence against pre-determined red and amber flags, were covered in the January 2022 Regulatory Update.

14.LGA Changes

Jeff Houston, Head of Pensions at the Local Government Association and Secretary to the Local Government Pension Scheme Advisory Board has now retired and been replaced by Joanne Donnelly.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified.

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

N/A

Reason for inclusion in Part II, if appropriate

N/A

Lancashire Local Pension Board

Meeting to be held on Tuesday, 26 April 2022

Electoral Division affected: N/A;

Lancashire County Pension Fund Breaches Report

Contact for further information:

Junaid Laly, 01772 53767, 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 January 2022 to the 31st March 2022.

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 which 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 January 2022 to March 2022 (March contributions have not been collected at the time of writing this report) there has been one breach. The breach relates to 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 Officers are confident that the employer will provide payment. The normal escalation process is being followed to receive the payment.

This contractor breached in the previous quarter however they promptly provided payment by BACS. This contractor has now terminated from the Fund and is not expected to be required to make further payments. If attempts fail to receive the outstanding payment it is expected that this contractor has a large surplus and failing that they have a guarantor.

There was one breach in quarter 3 (October - December 2021), one breach in quarter 2 (July – September 2021) and there were no breaches in quarter 1.

There were a number of incidents recorded in the period which have resulted in corrective action being taken. A total of 37 employers failed to submit contribution figures for Q3 and 4 for Q4*. They have all been contacted in accordance with the Stage 2 escalation procedures, which ensure that all incidents are corrected swiftly. For Q3, the number of employers which failed to submit contributions represents 3.799% of the total submissions, in monetary values this equates to 1% of the total contributions received during the period, for Q4* this represents 0.624% and 0.322% respectively.

	Q1 Apr-Jun 21	Q2 Jul-Sep 21	Q3* Oct-Dec 21	Q4* Jan-Mar 22
Incidents	55	26	37	4
Breach	0	1	1	1

* Incomplete – only includes 2 months data

Data Breaches:

For the period 1st January 2022 to 31st March 2022 there were a total of four data breaches:

January	<ul style="list-style-type: none"> • 1 Member's My Pension Online account was incorrectly linked • 1 member unhappy that retirement forms were sent to her works email • Emails for one employer have incorrectly been sent to another employer • A data extract was provided to Lancashire CC which incorrectly contained data.
February	Nil
March	Nil

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

Summary Table:

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

Administration Breaches:

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

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

There was one COP14 breach in the period and two process breaches:

	COP 14 Breach	LPPA PROCESS BREACH	TOTAL
January 2022	0	2	2
February 2022	0	0	0
March 2022	1	0	1
Total	1	2	3

January 22	Process Breaches: <ul style="list-style-type: none"> • An incorrect AVC value was provided to a member • A member elected for scheme pays in the tax year 2017/18 however the tax was not paid to HMRC.
February 22	<ul style="list-style-type: none"> • Nil
March 22	COP14: <ul style="list-style-type: none"> • A new member of staff produced retirement options, using the incorrect reason for leaving in error. Further training has commenced.

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

Consultations

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

Implications:

This item has the following implications, as indicated:

Risk management

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

Local Government (Access to Information) Act 1985

List of Background Papers

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

Reason for inclusion in Part II, if appropriate

N/A

Lancashire Local Pension Board

Meeting to be held on Tuesday, 26 April 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 11th March 2022 and any decisions taken.

Background and Advice

At the meeting on 11th March 2022 the Pension Fund Committee considered several 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 five items in bold below, though Board members are free to ask for updates regarding all listed reports.

- Minutes of the Meeting held on 26th November 2021
- **Report of the Appointments Sub Committee**
- 2021/22 Budget Monitoring Report
- Lancashire County Pension Fund 2022/23 Budget
- **Lancashire County Pension Fund Strategic Plan 2022/25**
- **Lancashire County Pension Fund - Death Grant Policy**
- Feedback from members of the Committee on pension related training.
- **Lancashire County Pension Fund - Training Plan 2022/23**

- **2022/23 Work Plan for the Lancashire Local Pension Board**
- Responsible Investment Report
- Responsible Investment Dashboard Report
- Urgent Business
- Date of Next Meeting - Friday 17th June 2022

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
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N/A

Reason for inclusion in Part II, if appropriate

N/A

Agenda Item 13

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

Document is Restricted

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)

Document is Restricted

(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

Agenda Item 14

(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)

Document is Restricted

Agenda Item 15

(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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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 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)

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Appendix A

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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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