

## **Lancashire Local Pension Board**

### **Minutes of the Meeting held on Tuesday, 5th July, 2022 in the Jordan Suite - The Exchange - County Hall, Preston.**

#### **Present:**

##### **Chair**

William Bourne

##### **Board Members**

Glyn Peach, Employee representative - LCC (wef 19th January 2022)

County Councillor Matthew Salter, Employer representative - LCC

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

Carl Gibson, Employer representative - Other Employers (remotely)

Kathryn Haigh, Scheme Member representative

Deborah Parker, Scheme Member representative.

Kevin Ellard, Scheme Member representative

##### **In attendance.**

Sean Greene, Head of Pension Fund, Lancashire County Council.

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

Junaid Laly, Senior Governance Officer - Pensions, Lancashire County Council.

Jennifer Harrison, Senior Technical Pensions Officer, Lancashire County Council

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

Rachel Blundell, Operations Director, Local Pensions Partnership Administration (for item 16 only).

#### **1. Constitution, Membership and Terms of Reference of the Pension Board.**

A report was presented on the constitution, membership, and Terms of Reference of the Board which noted that four Board members, together with the Chair, were due to come to the end of their term of appointment during 2023. It was reported that details regarding planned action to address the recruitment and selection of a new Chair and Board members was set out in the subsequent report.

##### **Resolved:**

1. That the current constitution (9 Board members) and membership of the Lancashire Local Pension Board, as set out below, is noted.

Mr W Bourne - Independent Chair

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

Mr G Peach - Employer representative (Lancashire County Council)

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

Mr C Gibson - Employer representative (Other Employers)

Ms K Haigh - Scheme member representative.

Ms Y Moulton - Scheme member representative.

Ms D Parker - Scheme member representative.

Mr K Ellard - Scheme member representative.

2. That the current Terms of Reference of the Board, as referred to in the report presented, are noted and that a copy be placed in the Minute Book.

## **2. Local Pension Board Recruitment**

A report was presented on the succession plan for recruiting a new independent Chair and four Board members over the next 12 months.

As the report related to the extension of the term of appointment of the current Chair Mr Bourne declared an interest and offered to leave the meeting while the report was discussed. However, other members of the Board welcomed the proposed extension of his contract to cover the transitional period whilst new members were appointed and did not consider it necessary for him to leave.

The Board was informed that the term of appointment of two Employer representatives and two Scheme Member representatives would come to an end during the first half of 2023 and the contract for the current Independent Chair would end on 1<sup>st</sup> April 2023. It was noted that the Head of Fund was to approve a 7-month extension to the contract of the current Chair (up to 31<sup>st</sup> October 2023) under the Scheme of Delegation to provide continuity whilst four new Board members and a new Chair were recruited. The appointment of the new Board members to be staggered to minimise disruption to the turnover of Board members in the future.

### **Resolved:**

1. That the proposed 7-month extension of contract of the current Independent Chair (up to 31<sup>st</sup> October 2023) by the Head of Fund under the Scheme of Delegation is noted.
2. That the proposed appointment of two Employer representatives and two Scheme member representatives on a staggered basis, as set out in the report presented, is noted.

## **3. Apologies**

Apologies for absence were received from Yvonne Moulton, Scheme Member representative.

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

No declarations of interest regarding items on the agenda were made at this point in the meeting. The Chair had declared an interest in item 2 on the agenda as it related to the proposed 7-month extension of his role to oversee the recruitment and appointment of a new Chair and Board members though the Board had not deemed it necessary for him to leave the meeting during discussion of that report.

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

It was reported that a copy of the revised standard letter for new joiners to the pension scheme discussed at the previous meeting had recently been circulated to Board members for information. It was also noted that once appointed the new Board members referred to under a previous item would receive an induction pack and briefing on the work of the Pension Board and their role as Board members.

The Head of Fund confirmed that the process breach regarding the disclosure of an incorrect AVC value had been explored with LPPA who had confirmed it to be an isolated incident. Other action relating to the Communications Strategy and Risk Register were addressed in reports on the agenda.

**Resolved:** That, subject to the amendment of a minor typographical error, the Minutes of the meeting held on 26<sup>th</sup> April 2022 are confirmed as an accurate record and signed by the Chair.

## **6. Lancashire County Pension Fund Breaches Report**

Mr Master, Governance and Risk Officer from the Pension Fund Team, informed the Board that between April to June 2022 there had been no breaches of contribution payments and four data breaches, none of which had been deemed significant enough to warrant reporting to the Information Commissioner. It was further reported that there had been two Code of Practice 14 breaches which had not been considered significant enough to require reporting to the Pensions Regulator and that corrective action had been taken as soon as the breaches had been identified to minimise or prevent future recurrence.

In considering the report Board members raised several queries which were addressed by the Head of Fund and officers from the Pension Fund Team.

**Resolved:** That the summary of the Lancashire County Pension Fund Breaches Log for the period 1<sup>st</sup> April to 30<sup>th</sup> June 2022, as set out in the report presented, is noted.

## **7. Regulatory Update**

Ms Harrison, Senior Technical Pensions Officer from the Pension Fund Team, updated the Board on various pension regulatory issues as set out in the report and confirmed that the Team were liaising with both the Prudential Client Manager and Local Pensions Partnership Administration Ltd regarding the management of Prudential AVCs.

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

## **8. Single Code of Practice - Gap Analysis**

Junaid Laly, Senior Governance Officer from the Pension Fund Team, presented a report on the findings of a gap analysis of the draft Single Code of Practice to understand and identify areas that would require attention once the final version of

the Code (which would replace existing codes of practice) was published later in the year.

The Chair informed the meeting that at the PLSA Conference a speaker had clarified that for the local government pension scheme the term 'governing body' referred to the Administering Authority (Lancashire County Council via the Pension Fund Committee) not the Pension Board.

In response to a comment regarding an independent review of governance arrangements the Head of Fund confirmed that the Local Pension Partnership was working towards achieving the Audit Assurance Faculty (AAF) standard which would provide independent assurance on the internal controls of the Local Pension Partnership and its subsidiaries. It was also noted that the single code of practice and good governance review would provide further assurance in the future.

The volume of work associated with reconciliation of the EPIC, Oracle and Altair systems was recognised and requirement for inclusivity regarding communications was also noted.

**Resolved:** That the comments of the Board regarding the gap analysis set out at Appendix 'A' to the report presented are noted.

## **9. Communications Update**

The Board considered a report on communications activity during Q1 by both the Local Pensions Partnership Administration Limited's (LPPA) Engagement & Communications Team and the Pension Fund Team. It was noted that the Fund was in the process of scoping the development of a Communications Strategy to enhance future communications which would involve consulting scheme members and other stakeholders.

**Resolved:** That an informal group comprising of the Chair, Ms D Parker, Mr G Peach and Ms Y Moulton be established to provide feedback to the Head of Fund on proposals to consult with scheme members and other stakeholders in relation to the development of the Communications Strategy for the Fund.

## **10. Feedback from Board members on pension related training.**

The Chair presented a report on training which Board members had participated in since the last meeting and individual members of the Board gave feedback on their experiences.

- Mr Ellard reported that the Overview of the LGPS webinar in April 2022 had been a comprehensive refresher and he recommended Board members attend similar future training.
- Regarding the Legal Update in May 2022 the Head of Fund confirmed that Legal Services were consulted on draft reports to the Board and the Fund could access specialist legal advice if required. It was noted that a further update would be given to Committee/Board members in due course.

- The Chair updated the Board on topics discussed at the PLSA Conference including pensions scams and the possibility of Pension Funds being involved in class actions in the future. He also reported that the Head of Local Government Pensions at the Department for Levelling Up, Housing and Communities had referred to a consultation in the Autumn on various matters including good governance and future pooling arrangements.

Mr Neville, Senior Democratic Services Officer, also confirmed that Mr G Peach, Ms Y Moulton, Ms K Haigh, Ms D Parker, and Mr K Ellard had all participated in the workshop on 29<sup>th</sup> June 2022 on Project PACE and the pension administration service.

**Resolved:**

1. That the feedback given at the meeting in relation to the training received by members of the Board since the last meeting is noted.
2. That the 2022/23 Training Record be updated to reflect that Mr G Peach, Ms Y Moulton, Ms K Haigh, Ms D Parker, and Mr K Ellard all participated in the workshop on 29<sup>th</sup> June 2022 on Project PACE and the pension administration service.

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

The Head of Fund presented a report on the items considered by the Pension Fund Committee on 17<sup>th</sup> June 2022 under Part I of the agenda.

Comments on the Internal Audit Report regarding management of overpayment cases were discussed and it was noted that the issue had been raised by the Pension Fund Committee which was due to receive an update report at the meeting on 16<sup>th</sup> September 2022. The Head of Fund also confirmed that better debt management controls had been implemented last year with many of the historic debts having been addressed so far.

The quality of reporting on responsible investment issues was discussed and it was noted that reports presented to Committee were comprehensive, informative, and provided assurance about actions taken to address ESG issues.

It was also noted that the Committee had approved the 2021/22 Annual Report of the Pension Board which would be incorporated into the draft Fund Annual Report and presented to Committee in September 2022 for approval.

**Resolved:**

1. That the Part I reports considered by the Pension Fund Committee on 17<sup>th</sup> June 2022 and decisions taken are noted.

2. That the new Head of Internal Audit at Lancashire County Council be invited to attend a future meeting of the Board to discuss the approach to internal audits of the Pension Fund and priority areas for 2022/23.

## **12. Urgent Business**

No items of urgent business were raised at the meeting.

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

It was noted that the next scheduled meeting would be held at 2pm on 18<sup>th</sup> October 2022 in the Jordan Suite in The Exchange at County Hall, Preston.

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

**Resolved:** That the press and public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate 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 briefly paused the meeting at this point to allow Board members to have a short break while the livestream of the meeting was turned off.

## **15. Administration Service Based Review**

(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 findings of a review by the Pensions Team regarding pension administration services, which had identified key priorities in four themes (Member experience, Cyber security, Quality measure, Errors and rectification) where there was considered to be scope for improvement. Officers had engaged with the Local Pensions Partnership Administration Ltd (LPPA) to discuss the themes/priorities, which were in line with the expectations of the Fund and areas which LPPA was already considering.

The Board discussed additional training for employers on processes, and communications with scheme members ahead of the implementation of Project PACE in October 2022. It was also noted that whilst there was merit in the inclusion of standards regarding calls to the Helpdesk it was unrealistic for a variety of reasons to suggest that all calls would be answered.

**Resolved:** That the comments of the Board regarding the outcomes of the review of the Service Level Agreement between the Fund and Local Pensions Partnership Administration Ltd as set out in the report are noted.

The Ms Blundell, the Operations Director from Local Pensions Partnership Administration Ltd, joined the meeting at this point for the next item of business.

## **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).

The Operations Director informed the Board that steady performance had been achieved during Q4 despite challenges associated with implementation of Phase 1 of Project PACE. Over the year performance against the Service Level Agreement had been high, data quality remained good and there had been an increase in membership. It was noted that Lancashire was included in Phase 2 of Project PACE with implementation due to take place in October 2022.

The Board welcomed the governance review of the Local Pensions Partnership, which was being conducted on behalf of the Shareholders, as well as the intention for Local Pension Partnership Administration Ltd (LPPA) to move to AAF (Audit and Assurance Faculty) reporting, and the work being done to review the governance of companies owned by Lancashire County Council. While undoubtedly helpful, the Board noted that these measures would not provide the Board or Pension Fund Committee with complete assurance over the Fund's governance and compliance, and it was suggested that at some point in the future a holistic review be undertaken to ensure that there are no gaps and that further detail on various reviews and audit work taking place be provided to future meetings.

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

The Chair of the Pension Fund Committee and Operations Director of Local Pensions Partnership Administration Ltd left the meeting at this point.

## **17. Lancashire County Pension Fund 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).

The Board considered a report on a risk regarding the concurrent implementation of IT systems at the County Council and Local Pensions Partnership Ltd. The reasons for the timing of the implementation were discussed and the Head of Fund confirmed that he and members of the Pension Fund Team were engaged with management and officers at Local Pensions Partnership Administration Ltd (LPPA) as well as relevant representatives at Lancashire County Council, regarding the transition.

It was reported that the Investment Panel had determined that the current controls and rating regarding the inflation risk associated with Fund investments was sufficient.

The Head of Fund also updated the Board on the outcome of the risk analysis regarding staff recruitment/retention at LPPA and some Board members commented on the reassurance given by the LPPA Operations Manager on this matter at a recent internal workshop.

**Resolved:** That the updates on risks associated with the whole Fund, as set out in the report presented and given at the meeting, is noted.

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

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

A report was presented on the six items considered by the Pension Fund Committee under Part II of the agenda on 17<sup>th</sup> June 2022, including the latest version of the Fund Risk Register. The Board noted that many of the topics covered in the reports had been covered in earlier discussions. It was also noted that the context/performance reports presented to the Committee gave assurance on the management of investments and the Minutes from the Investment Panel reflected the level of scrutiny.

**Resolved:** That the reports considered by the Pension Fund Committee on 17<sup>th</sup> June 2022 under Part II of the agenda and decisions taken are noted.

L Sales  
Director of Corporate Services

County Hall  
Preston