

Lancashire County Council

Lancashire Local Pension Board

Tuesday, 5th July, 2022 at 2.00 pm in the Jordan Suite in The Exchange at County Hall, Preston.

Agenda

Part I (Open to Press and Public)

No. Item

- | | | |
|-----|---|-----------------|
| 1. | Constitution, Membership and Terms of Reference of the Pension Board. | (Pages 1 - 12) |
| 2. | Local Pension Board Recruitment | (Pages 13 - 18) |
| 3. | Apologies | |
| 4. | Disclosure of Pecuniary and Non-Pecuniary Interests | |
| 5. | Minutes of the Last Meeting.
To be confirmed and signed by the Chair. | (Pages 19 - 26) |
| 6. | Lancashire County Pension Fund Breaches Report | (Pages 27 - 30) |
| 7. | Regulatory Update | (Pages 31 - 34) |
| 8. | Single Code of Practice - Gap Analysis | (Pages 35 - 50) |
| 9. | Communications Update | (Pages 51 - 60) |
| 10. | Feedback from Board members on pension related training. | (Pages 61 - 62) |
| 11. | Part I reports presented to the most recent Pension Fund Committee | (Pages 63 - 64) |

12. Urgent Business

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

13. Date of Next Meeting

The next scheduled meeting of the Board will be held at 2.00pm on 18th October 2022 in the Jordan Suite in The Exchange at County Hall, Preston.

14. 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)

- | | |
|--|-----------------|
| 15. Administration Service Based Review | (Pages 65 - 72) |
| 16. Local Pensions Partnership Administration - Update | (Pages 73 - 78) |
| 17. LCPF Risk Update | (Pages 79 - 84) |
| 18. Part II reports from the most recent Pension Fund Committee | (Pages 85 - 86) |

L Sales
Director of Corporate Services

County Hall
Preston

Lancashire Local Pension Board

Meeting to be held on Tuesday, 5 July 2022

Electoral Division affected: None;

Constitution, Membership and Terms of Reference of the Board

(Appendix 'A' refers)

Contact for further information:

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

mike.neville@lancashire.gov.uk

Executive Summary

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

Recommendation

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

Background and Advice

The constitution of the Lancashire Local Pension Board is 9 members comprising an independent Chair, 4 Employer representatives and 4 Scheme member representatives.

The current membership of the Board is as follows.

Mr W Bourne - Independent Chair

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

Mr 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.

Four members of the Board (2 Employer representatives and 2 Scheme member representatives), together with the Chair, are due to come to the end of their term of appointment in 2023. A succession plan is in place regarding the recruitment and appointment of new Board members and more detail is provided in a separate report elsewhere on the agenda.

Terms of Reference

The current Terms of Reference of the Board can be viewed at Article 7 (Other Committees of the County Council) of the Lancashire County Council Constitution and a copy is attached at Appendix 'A'.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified.

Local Government (Access to Information) Act 1985

List of Background Papers

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

Lancashire Local Pension Board Terms of Reference

1. Role and remit of the Board

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

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

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

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

2. Membership and Appointment Process

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

4 employer representatives, of whom:

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

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

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

Members in the above categories will only be appointed to the Board by the full Council if they meet the knowledge and understanding requirements set out in the relevant regulations and guidance, and as set out in Section 5 below.

Process

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

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

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

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

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

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

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

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

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

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

The role of the Pension Board requires the highest standards of conduct and therefore the “seven principles of public life” will be applied to all Board members

and embodied in their Code of Conduct as approved by the Board and published on the Local Pension Fund Website.

5. Knowledge and Understanding

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

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

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

6. Role of the Chair

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

7. Quorum

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

8. Decision making

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

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

9. Board Meetings – Notice, Minutes and Reporting

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

effectiveness of the Board.

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

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

10. Publication of Pension Board information

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

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

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

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

11. Budget

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

12. Reimbursement of Travel and Subsistence Expenses and Remuneration.

- a) All Board members shall, on the production of relevant receipts be reimbursed for travel and subsistence expenses they have actually and necessarily incurred in the conduct of their duties as a member of the Board, including attendance at relevant training and development activities.
- b) Board members shall be reimbursed a mileage allowance for use of their own car at the rate proscribed by HM Revenues and Customs from time to time as adopted by Lancashire County Council.

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

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

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

13. Advisers to the Board

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

14. Reporting Breaches

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

Note

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

Lancashire Local Pension Board

Meeting to be held on Tuesday, 5 July 2022

Electoral Division affected:
(All Divisions);

Local Pension Board Recruitment

(Appendix 'A' refers)

Contact for further information:

Mukhtar Master, Governance & Risk Officer, Mukhtar.Master@lancashire.gov.uk

Executive Summary

The Lancashire Local Pension Board was established on the 1 April 2015 under Section 5 of the Public Service Pensions Act 2013 and regulation 106 of the LGPS Regulations 2013 (as amended).

The Independent Chair and four Board members see their terms coming to an end over the next 12 months.

This paper outlines the succession plan for replacing the Independent Chair and members whose terms are coming to an end.

Recommendation

The Board is asked to comment on the report and the plan outlined at Appendix 'A'.

Background and Advice

All LGPS administering authorities were required to establish a Local Pension Board under Section 5 of the Public Service Pensions Act 2013 and regulation 106 of the LGPS Regulations 2013 (as amended).

The Independent Chair was recruited for an initial term of 2 years with an option for an extension for an additional 2 years. Board members were recruited to serve for an initial term of four years with an option to extend for a further 4 years, subject to the approval of the Full Council.

The next 12 months will see the term of four Board members come to an end. The Independent Chair's contract also comes to an end on 1st April 2023. Appendix 'A' outlines the proposed plan for replacing the Independent Chair and the four Board members.

Key Drivers

Given this level of turnover, recruitment planning has been undertaken. The key drivers for the recruitment are as follows:

- Recruitment will take place at an earlier stage to allow a more controlled transition to the new members (with observer attendance at meetings by new members before they officially take on their roles);
- The Independent Chair's contract will be extended by 7 months to provide additional stability to the Board during the turnover period but recruitment of the Chair will take place at an early stage; and
- To stagger turnover in the future:
 - Two of the new contracts will be of 2 years initial duration plus a 4 year extension option.
 - The other two contracts will be of 4 years initial duration plus a 4 year extension option.

Independent Chair

The Independent Chair's contract comes to an end on 1st April 2023. It has been agreed that this contract will be extended by 7 months which will take this up to 31st October 2023.

Extending the Independent Chair's contract will:

- Provide resilience and continuity at a time of great change for the Board;
- Allow an experienced Board Chair to be involved in recruiting new Board members;
- Allow a phased introduction of a new chair to the Board; and
- Allow a one meeting handover to the new chair.

This steps in the recruitment plan will allow the new Independent Chair to be in place for the October 2023 meeting as an observer and subsequently as Chair in January 2024.

Recruitment of Board Members

Four members of the Board will see their terms come to an end during the first half of 2023.

- Steve Thompson – Term ends 20th January 2023;
- Kathryn Haigh – Term ends 31st March 2023;
- Yvonne Mould – Term ends 6th May 2023;
- Carl Gibson – Term ends 6th May 2023.

The recruitment process for the above four members will commence in August 2022.

The intention is to have most of the replacements in place prior to them finishing their respective terms. This will not be possible for Steve Thompson, whose tenure ends on the 20th January 2023, which is prior to the subsequent Board meeting scheduled for the 24th January 2023. All other replacements would be able to attend one meeting as an observer prior to becoming a formal participating member. The terms of the Board members will be staggered as set out earlier in the report.

The schedule for the recruitment of both the Chair and Board members is limited by the fact that the decision needs ratification by both Pension Fund Committee and the Full Council – this has been factored into the timeframes.

Consultations

Lancashire County Council – Legal Services
Lancashire County Council – Democratic Services
Chair of the Local Pension Board

Implications:

This item has the following implications, as indicated:

Risk management

Funds operating within the Local Government Pension Scheme must operate a Local Pension Board. Recruitment of suitable Board members and the Independent Chair is key to the effective operation of the Board. The recruitment process must be undertaken as outlined within the LCC Constitution.

Financial

As set out in the report.

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

Paper	Date	Contact/Tel
-------	------	-------------

N/A

Reason for inclusion in Part II, if appropriate

N/A

Local Pension Board Succession Planning 2022/23

Board Member Contract Start/End

Board Member Name	Type	Start	Review	End	Final Meeting Date	Replacement Start	Comment
Steve Thompson	Employer Rep	20 th Jan 2015	20 th Jan 2019	20 th Jan 2023	18 th Oct 2022	1 st Nov 2022	ST could attend 24 th Jan 2023 meeting as an observer.
Kathryn Haigh	Member Rep	6 th May 2015	6 th May 2019	31 st Mar 2023	24 th Jan 2023	1 st Jan 2023	Replacement to attend as observer at Jan meeting KH to retire March 2023
Carl Gibson	Employer Rep	6 th May 2015	6 th May 2019	6 th May 2023	4 th April 2023	1 st Apr 2023	Replacement to attend as observer at Apr meeting
Yvonne Moulton	Member Rep	6 th May 2015	6 th May 2019	6 th May 2023	4 th April 2023	1 st Apr 2023	Replacement to attend as observer at Apr meeting

Board Chair	Type	Start	End	Extension End Date	Comment
William Bourne	Independent Chair	1 st Apr 2015	1 st Apr 2023	31 st October 2023	WB would chair the April, July and October meetings.
New Chair	Independent Chair	1 st October 2023	n/a	n/a	Attend October meeting as an observer and would chair January 2024 meeting.

Board members

Action	Date	Comment
Advertise the position	August to early September 2022	
Shortlisting for interviews	September 2022	
Interviews	October 2022	
Pension Fund Committee	November 2022	Paper for information, Pension Fund Committee to note appointments
Paper to Full Council	December 2022	Paper to recommend new Board members
New Members Start Date and attend Board Meeting	January 2023 or April 2023 ¹	Attendance as observer
First Board Meeting	January 2023/April 2023/July 2023 ²	Attendance as Board member

Board Independent Chair

Action	Date	Comment
Advertise the position	March 2023	
Shortlisting for interviews	April 2023	
Interviews	May 2023	
Pension Fund Committee .	June 2023	Head of the Pension Fund shall make a recommendation to the Pension Fund Committee for consideration who will then refer the matter to the Full Council for a decision as appropriate
Paper to Full Council	July 2023	Paper to recommend new Board members
New LLPB Chair Start Date and attend Board meeting	October 2023	Attendance as observer
First Board Meeting	January 2024	Attendance as Independent Chair

¹ Member start dates are staggered to allow for an easier transition given the level of turnover during the first half of 2023.

² January 2023 - replacement for Steve Thompson attending Board meeting as a member due to end date of existing contract;
 April 2023 – replacement for Kathryn Haigh attending Board meeting as a member; and
 July 2023 – replacements for Carl Gibson and Yvonne Moulton attending Board meeting as members.

Lancashire Local Pension Board

Minutes of the Meeting held on Tuesday, 26th April, 2022 at 2.00 pm in the Arthur Suite - The Exchange - County Hall, Preston.

Present:

Independent Chair.

William Bourne

Board Members.

County Councillor Matthew Salter, Employer representative - LCC

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

Carl Gibson, Employer representative - Other (remotely)

Kathryn Haigh, Scheme Member representative

Yvonne Moulton, Scheme Member representative

Kevin Ellard, Scheme Member representative

In attendance.

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

Julie Price, Technical Pensions Lead, Lancashire County Council.

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

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

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

Jo Darbyshire, Managing Director, Local Pensions Partnership Administration.

1. Welcome and Apologies

The Chair welcomed everyone to the meeting and noted that apologies had been received from Ms D Parker.

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.

It was reported that the 2022/23 Training Plan and the revised Death Grant Policy had been approved by the Pension Fund Committee on 11th March 2022.

Regarding item 8 (Communications Update) the Head of Fund reported that a copy of the revised standard letter for new joiners would be circulated to Board members for information and that the use of email alerts would be explored further as part of the review of the Communications Strategy of the Fund.

Resolved: That the updates given at the meeting are noted and the Minutes of the meeting held on 18th January 2022 are confirmed as an accurate record and signed by the Chair.

4. Annual Review of the Lancashire Local Pension Board.

The Chair presented a report summarising the main points from his discussions with individual Board members and others as part of the Annual Review of the effectiveness of the Pension Board in January 2021.

Resolved:

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

Area	Includes	Board Members
Compliance with regulations and statutory guidance	TPR, LGPS regulations	K Haigh & K Ellard
Communications	Engagement, Comms policy	D Parker & C Gibson
Administration	KPIs, ABSs, admin breaches	Y Moulton & S Thompson
IT	Systems, data protection, cyber	G Peach & M Salter
Investment policy documents	Investment Strategy Statement, actuarial report, Responsible Investment.	D Parker & S Thompson
Service providers governance	LPP, custodian, audit	G Peach & Y Moulton
Risk	Risk Register	C Gibson & K Ellard

2. That the Board revert to face to face meetings as the default format, albeit with facilities for presenters to present online as required, and that all future Board meetings be scheduled to last 2½ hours.
3. That induction training for new Board members be reviewed and suitable external training identified.
5. **2021/22 Training Record and feedback from members of the Board on pension related training**

A report was presented on the Training Record for 2021/22 which reflected the participation of individual Board members in external/internal training events over the last 12 months. It was noted that the Training Record had informed figures presented in the Pension Board Annual Report elsewhere on the agenda which, if approved, would be incorporated into the Lancashire County Pension Fund Annual Report.

Individual Board members gave feedback on their experience at training events since the last meeting.

Resolved: That the feedback from individual Board Members on their experiences at the training events referred to in the report together with the contents of the Training Record for 2021/22, as set out in the Appendix, are noted.

6. Lancashire Local Pension Board - Annual Report

The Chair presented a report on the draft 2021/22 Lancashire Local Pension Board Annual Report which highlighted key areas of activity undertaken by the Board during the previous year and included information regarding attendance at meetings, participation in internal/external training and the operational cost of the Board.

Resolved:

1. That the draft Annual Report 2021/22, be updated to include the attendance of Board members at the meeting in April 2022.
2. That, subject to the amendment referred to at 1 above, the 2021/22 Annual Report, as set out at Appendix 'A' to the report presented, is recommended to the Pension Fund Committee on 17th June 2021 for approval and inclusion in the Lancashire County Pension Fund Annual Report.

7. Regulatory Update

Julie Price, Technical Pensions Lead, presented a report on various pension related regulatory issues including the following.

- The 2022/23 employee contribution bands.
- Prudential and AVCs.
- The Pension Regulator's new single Code of Practice.
- The Department of Work and Pensions response to the consultation on 'Stronger Nudge to pensions guidance'.
- Royal assent for the Finance Act 2022 and
- McCloud.

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

8. Lancashire County Pension Fund Breaches Report

Junaid Laly, Senior Governance Officer Pensions, reported that during the period 1st January 2022 to 31st March 2022 there had been one breach in contribution payments and four data breaches, none of which had been deemed significant enough to warrant reporting to the Information Commissioner. The Board noted that the outstanding contribution payment was being pursued through the escalation process and, if necessary, the payment would be recovered from the surplus of the employer concerned.

Regarding administration breaches it was noted that there had been one COP14 breach and 2 process breaches, none of which considered to be material or worthy of reporting to the Pension Regulator. In all three cases corrective action had been

taken to minimise future recurrence, however, the Board members did ask Officers to explore with LPPA processes regarding disclosure of AVC values as part of retirement processing/correspondence.

The Chair acknowledged that in view of the size of the Fund and the number of transactions with employers/members that some degree of breaches was inevitable.

Resolved: That the summary of the Lancashire County Pension Fund Breaches Log for the period 1st January 2022 to 31st March 2022, as set out in the report presented, is noted.

9. Part I reports presented to the recent Pension Fund Committee

The Head of Fund presented a report on items considered by the Pension Fund Committee on 11th March 2022 under Part I of the agenda and reported that in accordance with the approved Strategic Plan 2022/25 the Pensions Team would focus attention on the Valuation and Cyber Security and other initiatives over the next 12 months. He also reported that a Special Projects Lead Officer would be recruited to the Pensions Team to provide further support to the Board and assist with succession planning.

It was further reported that as part of the Training Plan 2022/23 the Pensions Team was considering purchasing an online training system used by several other Funds and arrangements were being made for members of the Committee/Board to be given a demonstration of the system and provide feedback. Both the Chair and Mr S Thompson volunteered to take part in the demonstration of the Hymans Online Academy.

In response to a query the Head of Fund confirmed that the Responsible Investment report to the Pension Fund Committee in June 2022 was expected to reference the impact of recent events in Ukraine on global markets.

Resolved:

1. That the Chair and Mr S Thompson be included in the list of participants to be invited to the demonstration of the Hymans Online Academy in May 2022.
2. That the reports considered by the Pension Fund Committee on 11th March 2022 and the decisions taken are noted.

10. Urgent Business

No items of business were raised under this item.

11. Date of Next Meeting

It was noted that the next (face to face) meeting of the Board would be held at 2.00pm on 5th July 2022 in the Jordan Suite in The Exchange, County Hall, Preston.

12. 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 stream was turned off and the Managing Director of Local Pensions Partnership Administration Ltd joined the meeting at this point.

13. 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 Managing Director of Local Pensions Partnership Administration Ltd, (LPPA) updated the Board on various pensions administration matters including compliance with Service Level Agreements, customer satisfaction and the ongoing implementation of Project PACE. Staff recruitment and retention was also discussed, and the Board recognised the importance of succession planning, learning/development, and career progression for the recruitment and retention of quality staff.

Resolved:

1. That the Board is reassured by the updates given at the meeting regarding the pensions administration service and thank the LPPA Managing Director for her attendance.
2. That the Terms of reference for the external audit of the LPPA internal audit function, as set out at Appendix 'B' to the report presented, is noted.

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

14. Communications Update

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

The Board considered a report on communications from both a Fund and Local Pensions Partnership Administration (LPPA) perspective. It was noted that LPPA

handled most of the communications regarding the Fund and had adopted a standardised approach across all clients. However, the Board recognised that there was merit in the Fund providing its own tailored communications via the website, provided that could be done in a way which aligned with LPPA activity, avoided duplication, and did not cause confusion.

Resolved: That a report be presented to the Board in July 2022 with an update on the development of a communications strategy focusing on project timeline, actions, and input from Board members.

15. Lancashire County Pension Fund Risk Management Framework

(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 Risk Management Framework and acknowledged that the updated document was comprehensive with clearly stated roles and responsibilities. Two typographical errors were identified in the document, and it was suggested that reference to the LGPS Investment Regulations 2016 be included in a list of guidance/regulations.

Resolved: That, subject to the minor amendments highlighted at the meeting, the Lancashire County Pension Fund Risk Management Framework, as set out at Appendix 'A' to the report presented, is approved, and will be presented to the Pension Fund Committee on 17th June 2022 as part of the risk register update.

16. Lancashire County Pension Fund - Risk Register

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

Mukhtar Master, Governance and Risk Officer, presented a report on the latest iteration of the full Risk Register for the Fund, which included the methodology used to determine individual risks, and highlighted four specific risks.

In considering the report the Board acknowledged that the Risk Register continued to improve and was now a 'live' document of a manageable size with clear concise information on individual risks. The interlinking of various risks and how that had the potential to make it difficult to allocate scores to some risks was discussed together with specific identified risks associated with fraud prevention, inflation, and the implications of the ongoing conflict in Ukraine for the global economy.

The Board also identified that a risk analysis be undertaken regarding Local Pensions Partnership Administration (LPPA) staff recruitment and retention and the implementation of multiple systems in 2022 (ie the County Council Oracle/Fusion transition project alongside implementation of project PACE at LPPA).

Resolved: That the comments of the Board regarding the contents of the full Fund Risk Register, as set out at Appendix 'A' to the report presented, are noted, and taken into consideration when updating the Register in the future.

17. 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).

The Head of Fund presented a report on the Part II reports considered by the Pension Fund Committee on 11th March 2022 and updated the Board on decisions taken. It was noted that the Committee had approved the detailed report on the conclusions from the Investment Service Based Review and that further work was underway regarding the Asset Management Agreement.

Resolved: That the reports considered by the Pension Fund Committee on 11th March 2022 under Part II of the agenda and the decisions taken are noted.

Laura Sales
Director of Corporate Services

County Hall
Preston

Lancashire Local Pension Board

Meeting to be held on Tuesday, 5 July 2022

Electoral Division affected: N/A;

Lancashire County Pension Fund Breaches Report

Contact for further information:

Junaid Laly, 01772 532767, Senior Governance Officer,
Junaid.laly2@lancashire.gov.uk

Executive Summary

This report provides the Board with a summary of the Lancashire County Pension Fund Breaches Log for the period 1st April 2022 to 30th June 2022.

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

Recommendation

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

Background and Advice

The Lancashire County Pension Fund has policy and procedures in place to effectively record and, if necessary, report breaches to the Pension Regulator. Practical guidance in relation to the legal requirements are set out in the Pension Regulator's Code of Practice 14.

Code of Practice 14 covers areas such as:

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

The Administration section covers aspects such as:

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

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

Contribution Breaches:

In the period April 2022 to June 2022 (May contributions have not been collected at the time of writing this report) there have been no breaches.

There were 2 breaches in quarter 4 (January 2022 to March 2022), one breach in quarter 3 (September 2021 – November 2021), and one breach in quarter 2 (July – September 2021), there have so far been no breaches in quarter 1**.

There were several incidents recorded in the period which have resulted in corrective action being taken. A total of 23 employers failed to submit contribution figures for Q4 and 26 for Q1*. They have all been contacted in accordance with the Stage 2 escalation procedures, which ensure that all incidents are corrected swiftly. For Q4, the number of employers which failed to submit contributions represents 0.62% of the total submissions, in monetary values this equates to 2.401% of the total contributions received during the period, for Q1* this represents 0.82% and 4.11% respectively.

	Q2 Jul-Sep 21	Q3 Oct - Dec 21	Q4 Jan – Mar 22	Q1 Apr – Jun 22
Incidents	26	37	23	26*
Breach	1	1	2	0**

* Incomplete – Incidents only includes 2 months data.

** Incomplete – Breaches only include 1 Months data

Data Breaches:

For the period 1st March 2022 to 30th June 2022 there were a total of 4 data breaches:

April	<ul style="list-style-type: none">• One data breach occurred in April.<ul style="list-style-type: none">▪ This breach was a near miss where correspondence from one members record was saved to onto another members record. No data was released.○
May	<ul style="list-style-type: none">• Three data breaches occurred in May.<ul style="list-style-type: none">▪ Correspondence was sent to an incorrect address.▪ A member's ex-husband accessed her online account▪ A member's details had been changed online○
June	data not yet available

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

Summary Table:

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

*June 22 data not yet available

Administration Breaches:

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

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

There were two COP14 breaches in the period and zero process breaches:

	COP 14 Breach	LPPA PROCESS BREACH	TOTAL
April	1	0	1
May	1	0	1
June*	0	0	0
Total	2	0	2

April	COP14: <ul style="list-style-type: none">• It was identified that some pre 1998 leavers were not provided with their retirement options. Corrective action taken with options subsequently being issued.
May	COP14: <ul style="list-style-type: none">• A member's bank details were changed incorrectly.
June	data not yet available

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

Consultations

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

Implications:

This item has the following implications, as indicated:

Risk management

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

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

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

Reason for inclusion in Part II, if appropriate

N/A

Lancashire Local Pension Board

Meeting to be held on Tuesday, 5 July 2022

Electoral Division affected:
(All Divisions);

Regulatory Update

Contact for further information:

Julie Price, 01772 530848, Technical Pensions Lead,
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. Prudential

Following a meeting in January with the Scheme Advisory Board (SAB), Prudential have written to Jo Donnelly, Chair of the SAB, to explain the background to various issues that arose following a new system implementation in late 2020, the steps that have and are being taken to remedy the situation and the expected timescale before normal service is resumed. A copy of the letter can be found at [Prudential letter](#).

It was reported in the April regulatory update that although the situation is much improved, Local Pensions Partnership Administration Ltd (LPPA) have recently reported that there are still delays in responsiveness from Prudential and difficulties in getting through to them, which can impact on retirements with AVCs.

The Fund are now liaising with the new Prudential Client Manager and LPPA to help raise concerns as they arise. This has enabled Officers to access member records held by Prudential which has given some confidence that contributions are correctly allocated.

2. The Department for Levelling Up, Housing and Communities (DLUHC) publishes statutory guidance on special severance payments

On 12 May 2022, DLUHC published statutory guidance on special severance payments. Best Value authorities in England must have regard to the guidance on

circumstances in which it may be appropriate to make special severance payments. The guidance also covers approval, disclosure and reporting requirements.

The guidance confirms that:

1. strain cost related to the early payment of LGPS benefits under regulation 30(6) or (7) (flexible retirement, redundancy or efficiency retirement over age 55) does not constitute a special severance payment;
2. strain cost of an employer awarding additional pension under regulation 31 of the LGPS Regulations 2013 may constitute a special severance payment, depending on the terms of the individual's contract; and
3. strain cost related to an employer waiving an actuarial reduction when a member retires early may constitute a special severance payment, depending on the terms of the individual's contract.

The position is fairly clear on payments within (1) above and the rationale would be that, although these payments are based on decisions made by the individual employer, they are part of workforce management strategy.

However, in circumstances (2) and (3) above, these payments 'may' be a special severance payment. The government guidance states that special severance payments should only be paid in exceptional circumstances and 'best value' needs to be considered by an employer.

Best Value authorities are designated under the Local Government Act 1999 and include councils, the police, and fire authorities. An LPPA communication will be sent to affected employers.

This new guidance will have minimal impact on the Fund (as it is for an employer to determine whether a special severance payment is justified, and the employer will bear the cost of any pension strain). However, this guidance is only part of the Government's policy to reduce exit payments to see the £95,000 exit payment cap implemented in some form in due course.

3. Single Code of Practice

As previously reported, 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. At the time of writing this report, there is no further information on latest progress against this expected timeline.

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 which the Team are undertaking, is an impact assessment of the new and amended modules of the new SCOP – further detail is provided in a separate report to the Board.

4. The Pensions Regulator Consultation on Draft Enforcement Policy and Updated Prosecutions Policy

On the 4th May, the Pension Regulator (TPR) launched a [consultation](#) on its new consolidated and simpler draft enforcement and updated prosecution policy. This

consultation closes on 24 June 2022. This consultation continues the review of policies being undertaken by TPR following the additional powers conferred to it by [The Pension Schemes Act 2021](#).

The Pension Regulator has released a [Public Sector pension scheme compliance and enforcement policy](#). The consultation contains several questions on enforcement action and a response by LPPA has been submitted.

5. Stronger Nudge

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

The regulations 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.

The Local Government Association have produced sample documents to use for retirements with AVCs, and for transfers of AVCs where the member is over aged 50, and LPPA have reviewed their letters and incorporated these into their processes.

6. Good Practice Guidance on Defined Benefit Transfers

The Pensions Administration Standards Association has published Good Practice Guidance on defined benefit transfers. This guidance incorporates the red and amber flags introduced by the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021. LPPA are reviewing their processes to ensure compliance with this guidance.

7. Pensions Administration Standards Association (PASA) Cybercrime checklist

PASA have published a [cybercrime protection checklist](#) which helps administrators to:

- Meet legal & regulatory standards
- Understand your organisation's vulnerability
- Ensure your organisation is resilient
- Remain able to fulfil key functions

Separately the Pension Fund is reviewing cyber-security in conjunction with the new single Code of Practice.

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, 5 July 2022

Electoral Division affected: N/A;

Lancashire County Pension Fund – The Pension Regulator Single Code of Practice Gap Analysis

(Appendix 'A' Refers)

Contact for further information:

Junaid Laly, 01772 532767, Senior Governance Officer,

Junaid.laly2@lancashire.gov.uk

Executive Summary

The Pensions Regulator published a draft of the new Single Code of Practice in March 2021 which covers occupational, personal, and public service pension schemes. It provides draft guidance in relation to exercise of the functions under relevant pensions legislation and sets out draft standards and conduct and practice expected from those who exercise each function.

The Fund Officers have undertaken a gap analysis to understand and identify the areas which will require attention once the final version of the Single Code of Practice is published.

Recommendation

The Board is asked to comment on both the report and gap analysis document attached at Appendix 'A'.

Background and Advice

The Pensions Regulator published a draft Single Code of Practice document in March 2021 which will replace 10 of the existing codes of practice. One of the reasons behind implementing the Single Code of Practice was due to several Codes of Practice (CoP) being out of date and duplication of content between some CoPs and guidance. Importantly, the Pensions Regulator has confirmed that the new Single Code of Practice will be an 'evolution, not revolution' and so the gap analysis attached at Appendix 'A' is intended to be a working document that will be updated as developments occur.

The Local Government Pension Scheme (LGPS) currently assesses compliance against the Code of Practice 14 (CoP14) which will be superseded by the Single Code of Practice when the final document is published which is expected around summer 2022.

Code of Practice 14

The current CoP14 covers the following 4 main sections with the associated sub-sections:

1. Governing your scheme:
 - a. Knowledge and understanding required by pension board members;
 - b. Conflicts of interest and representation;
 - c. Publishing information about schemes
2. Managing risks:
 - a. Internal Controls;
3. Administration:
 - a. Scheme record-keeping;
 - b. Maintaining contributions;
 - c. Providing information to members;
4. Resolving issues:
 - a. Internal dispute resolution;
 - b. Reporting breaches of the law.

Single Code of Practice

The Single Code of Practice modules will replace the CoP14. The Single Code of Practice applies to governing bodies of occupational, personal, and public service pension schemes. Once this comes into effect it is expected that the previous Codes of Practice will be revoked in their entirety.

Out of the 51 modules in the new Single Code of Practice Fund Officers have identified 38 potential modules that apply to the Local Government Pension Scheme.

This Single Code of Practice is split into the following sections.

1. The Governing Body – 15 sub sections relevant to the LGPS
2. Funding and Investment – 2 sub-sections relevant to the LGPS
3. Administration – 10 sub-sections relevant to the LGPS
4. Communications and Disclosure – 7 sub-sections relevant to the LGPS
5. Reporting to tPR – 4 sub-sections relevant to the LGPS

From the initial analysis Fund Officers have identified several areas where there are potential gaps. At this stage it is unclear as to whether some of the gaps highlighted may apply to Local Government Pension Scheme though this will be clarified once the final Single Code of Practice document has been published.

Of the 38 modules identified as applicable to the Fund, there are a number of modules that are not required, however, they are considered to be best practice for Public Service Pension Schemes.

The areas identified as potential gaps are as follows:

1. The Governing Body
 - The Role of the Governing Body
 - Remuneration Policy*
 - Value for Money
 - Managing Advisers and Service Providers
2. Funding and Investment
 - Investment Governance* – Still under assessment
 - Investment Monitoring*
3. Administration
 - Administration
 - Financial Transactions
 - Transfers
 - Maintenance of IT systems
 - Cyber Controls
 - Receiving Contributions
4. Communications and Disclosure
 - General Principles of Member Communications
 - Audit Requirements
5. Reporting to the tPR
 - No gaps identified

*Denotes best practice module

The gap analysis at Appendix 'A' can be broken down into the following sections:

1. Modules which are new requirements with potential gaps.
2. Existing requirements which incorporate new guidance within the module.
3. Existing or New requirements with no gaps identified.

There are some areas within the analysis which will require assurance that the requirements continue to be met once the final Code of Practice document is published.

The analysis at Appendix 'A' highlights actions required once the Single Code of Practice is published.

The full draft of the new Code of Practice can be found by accessing the link below:

<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/full-draft-new-code-of-practice.ashx>

The initial consultation document which highlights the areas applicable to the Public Service Pension Schemes can be found on the link below:

<https://www.thepensionsregulator.gov.uk/en/document-library/consultations/new-code-of-practice/annex-2-where-the-new-code-of-practice-modules-come-from>

Consultations

Pension Fund Officers
Lancashire County Council Finance Team
Local Pensions Partnership Administration – Consulted when CoP14 compliance statement was produced for January 2022 Local Pension Board

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.

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

Paper	Date	Contact/Tel
The Pensions Regulator - Consultation Document – The new code of practice	March 2021	Junaid Laly 01772 532767
The Pensions Regulator – Full draft of the new code of practice	March 2021	Junaid Laly 01772 532767
Reason for inclusion in Part II, if appropriate		
N/A		

Key:

	New Requirements with potential gaps
	Existing requirements which incorporate new guidance within the module
	Existing or New requirements with no gaps identified
	Module does not apply to Local Government Pension Scheme

The modules highlighted in red text are not mandatory for the Local Government Pension Scheme however it is indicated as best practice to follow and implement requirements

Lancashire County Pension Fund

Single Code of Practice – Gap Analysis

The Governing Body

Module Number	Module Title/Description	New/Existing	Potential Gaps	Comment	Action
TGB001	Role of the governing body – How the Fund is managed and the structure	New	<ul style="list-style-type: none"> Clarity on what is meant by governing body. Initial consultation indicates Pension Board and Scheme Manager but further detail is required. 	<p>This module covers expected behaviours and standards of the governing body, i.e., those responsible for running the Pension Fund. The Committee and the Local Pension Board adhere to Lancashire County Council members and Co-Opted members policy accessible by the link below:</p> <p>https://council.lancashire.gov.uk/documents/s179038/Appendix%20E.pdf</p> <p>The Board and Committee also adhere to the Nolan principles.</p> <p>Members of the Pension Fund Committee and Local Pension Board are required to complete a declaration of interest and the Fund maintains a Register of Interests.</p> <p>The Independent Investment Advisers who advise the Head of Fund and report to the Pension Fund Committee have relevant Indemnity Insurance.</p>	TPR to fully clarify in the final regulations what the term governing body refers to for the LGPS
TGB014	Recruiting to the governing body – Appointing members to a governing body	New	<ul style="list-style-type: none"> None 	<p>The Fund has a process in place in recruiting members to the Local Pension Board.</p> <p>When new members are appointed gaps in skills and competencies are assessed and addressed over time. The Fund has a training schedule in place and also offers members to attend external training sessions which are</p>	

				run by reputable organisations from the LGPS arena. The Board and Committee have Terms of Reference detailing what representation is on these committees. Democratic Services maintain a succession plan for recruiting members to the board.	
TGB044	Member-nominated trustee appointments	DNA	• None		
TGB015	Role of the chair – Defined responsibilities of the chair	Existing	• None	The Chair's role for the Local Pension Board is outlined in the Terms of Reference. There are also specific details regarding obligations outlined in the contract signed by the Chair of the Local Pension Board.	
TGB006	Meetings and decision-making – recording details of all meetings and decisions made	New	• None	Democratic Service have processes in place to ensure details of all meetings are recorded and minutes are produced. This includes details of all attendees from the relevant committees. There are also set processes for establishing meetings and recording decision making. There are set Terms of Reference for the Pension Fund Committee, Local Pension Board and Investment Panel. The Fund has a records retention policy in place. Most records are stored electronically, and paper records are in the main stored with LCC's records management team, who securely destroy records in line with the Fund's record retention policy.	Clarity required on retention policy for decision making.
TGB016	Remuneration policy – Remuneration for those undertaking fund related activities	New	• (Remuneration Policy) – covered through LCC councillors' expenses and allowances	Not mandatory for Public Sector scheme under section 249A of the Pensions Act 2004 however is best practice for all schemes	Review implementation of this across the LGPS and consider application to the circumstances of LCPF
TGB017	Working knowledge of pensions – Governing bodies ability to demonstrate a level of understanding to fulfil their duties	Existing	• None	This requirement covers knowledge of legislation, scheme, risk management, administration and other providers and communications. Local Pension Board members undertake a training needs analysis each year and this was extended to Committee members for this financial year. The outcomes of these requirements enabled the Fund officers to develop a training programme based on the gaps identified in the needs analysis.	

TGB005	Governance of knowledge and understanding	DNA	<ul style="list-style-type: none"> None 		
TGB003	Building and maintaining knowledge – Governing body to be able to demonstrate a level of knowledge and experience to run the scheme effectively	New	<ul style="list-style-type: none"> None 	<p>Members have an opportunity to attend regular training sessions covered by the Fund officers or facilitated by reputable external LGPS training providers.</p> <p>A training record including record of attendance is maintained by Democratic Services.</p> <p>Knowledge and Understanding is assessed annually to develop a training plan to cover gaps.</p>	
TGB009	Value for members – Assessment if DC product represents good value for members	New	Assess if this applies to AVC product	This section in its entirety does not apply to Defined Benefit and Public Service schemes however may apply to the AVC product provided by the Fund to its members.	Await final regulations from TPR and assess its application across the LGPS to understand if the AVC product is subject to this module.
TGB010	Managing advisers and service providers – Demonstrate that governing bodies can effectively manage relationships	New	<p>Advisers and service providers include:</p> <p>Independent Investment Advisers; Local Pensions Partnership Administration; Local Pensions Partnership Investment; Mercer (the Fund Actuary); and Northern Trust (the Fund Custodian).</p>	Potential Gap is to ensure the processes for appointing advisers and service providers such as selection, appointing, managing, and replacing providers are fully documented.	Review final regs to ascertain depth of requirement for Public Service Pension Schemes Review module with Legal Services, Finance and Procurement
TGB031	Identifying and assessing risks – Establish and operate internal controls which are adequate for the purpose of securing that the scheme is managed in accordance to scheme rules	Existing	<ul style="list-style-type: none"> None 	<p>All Fund risks are managed in line with the Fund Risk Management Framework, which can be found here:</p> <p>https://lancashirecountypensionfund.org.uk/media/1074/lcpf_rmf_v1.pdf</p> <p>The risk management framework is reviewed every three years.</p> <p>The fund has a live risk register which is reviewed quarterly, and full review is conducted bi-annually.</p> <p>Risks areas which are covered are around:</p> <ul style="list-style-type: none"> Emerging Investment Operational Member Transitional <p>Investment risk is also assessed by the Investment Panel.</p>	

TGB032	Managing risk using internal controls - Establish and operate internal controls which are adequate for the purpose of securing that the scheme is managed in accordance to scheme rules	Existing	<ul style="list-style-type: none"> None 	<p>The risk register is a 'live' document which is reviewed regularly in collaboration with LPPA, LPPI, Independent Investment Advisers and LCC Finance. The full register is presented to the Board and Pension Fund Committee every 6 months. The Board also review key risks in between the 6 month reviews.</p> <p>The risk register categorises risks into five primary groupings. Each risk is then rating on the basis of likelihood and impact after assessing the mitigating factors which are in place.</p> <p>The Officers of the Fund ensure that appropriate mitigation is in place for all risks, especially those rated as being a high risk to the Fund.</p> <p>The Fund instigated a project to develop the Fund Risk Register in 2021/22. The development enhanced risk assessment through the use of risk templates for each specific risk and also a heatmap to visually articulate risk ratings for all Fund risks.</p> <p>The Fund works collaboratively with the Local Pensions Partnership (LPP) to identify new administration and/or investment risks.</p>	Review module with Internal Audit to ensure that the fund is adequately managing risk using internal controls.
TGB033	Assurance of governance and internal controls – Obtain assurance reports on internal controls	Existing	<ul style="list-style-type: none"> None 	Internal Audit provide assurance annually around Fund Governance and management. LPPA also undertake their internal audit with ad-hoc oversight from an external auditor.	Review module with Internal Audit to ensure that the fund is adequately managing risk using internal controls.
TGB022	Continuity planning – develop, implement and maintain continuity plans so operations can be maintained in the event of disruption.	New	<ul style="list-style-type: none"> None 	<p>The fund has a service resilience plan which would become effective in the event of disruption.</p> <p>LPPA and LPPI have advised that they operate under their own business continuity plan in times of crisis and carry out regular disaster recovery tests.</p>	<ul style="list-style-type: none"> Ensure regular reviews of LCPF continuity plans Ensure that we are content on continuity plans from LCPF perspective across all our providers such as LCC and LPP
TGB039	Conflicts of interest – Managing conflicts of interests for public service pensions schemes.	Existing	<ul style="list-style-type: none"> None 	The Register of Interests are reviewed on an annual basis and all Board Members advice on potential conflicts can be sought from Democratic Services officers at any time.	
TGB045	Own risk assessment	DNA	<ul style="list-style-type: none"> None 		
TGB046	Scheme governance - Oversight and assurance of day to day operations of the scheme	New	<ul style="list-style-type: none"> None 	The Pension Fund Committee, Local Pension Board and Investment Panel operate under a set of Terms of Reference. The Constitution also detailed delegations to Officers.	

				The Fund have a workplan for the Local Pension Board which is reviewed	
--	--	--	--	--	--

Funding and Investment

Module Number	Module Title	New/Existing	Potential Gaps	Comments	Action
FAI001	Investment governance – Policies and procedures that ensure the governing body complies with any obligations it has in relation to investment	Existing	<ul style="list-style-type: none"> Under Review 	Best Practice for LGPS schemes - DC arrangements refer to AVCs	Head of Fund to review full compliance of Module
FAI003	Investment decision-making	DNA	<ul style="list-style-type: none"> None 		
FAI004	Implementation report	DNA	<ul style="list-style-type: none"> None 		
FAI005	Investment monitoring – Managing investments with due skill, care and diligence.	New	<ul style="list-style-type: none"> Under review 	Best Practice for LGPS schemes - DC arrangements refer to AVCs	Head of Fund to review level of compliance for module
FAI006	Stewardship	DNA	<ul style="list-style-type: none"> None 		
FAI011	Climate change	DNA	<ul style="list-style-type: none"> None 		
FAI008	Statement of investment principles	DNA	<ul style="list-style-type: none"> None 		
FAI010	Default arrangements and charge restrictions	DNA	<ul style="list-style-type: none"> None 		

Administration

Module Number	Module Title	New/Existing	Potential Gaps	Comments	Action
ADM001	Administration	New	<ul style="list-style-type: none"> Record Keeping on Risk Register 	<p>The Pension Board and Pension Fund Committee receive quarterly updates on pensions administration activities. Administration is also a feature on the risk register.</p> <p>The Fund is currently working on a focussed admin service review which covers:</p> <ul style="list-style-type: none"> SLAs Quality Cyber-security 	<p>Review final regulations by TPR and ensure requirements around record keeping on risk register are incorporated fully.</p> <p>Review module with/seek assurance on compliance from LPPA</p>

ADM002	Financial transactions – Core financial transactions as defined in legislation are processed promptly and accurately	New	<ul style="list-style-type: none"> Annual review of processes and systems related to financial transactions with scope for improvement Investing contributions 	<p>This module relates to Governance and Processes and IT systems along with Investment of contributions. LPPA report regularly on administration performance which provides an overview of retirement benefits. LPPA work to Service Level Agreements. Regular communication between LPPA and employers to ensure flow of information and data is complete and accurate.</p>	<p>Review and seek assurance from LCPF finance and LPPA that processes, and systems are reviewed annually with a scope to improving them.</p> <p>Clarity needed on Investing Contributions and how detailed the requirements are for the LGPS. LCPF Finance to review this module.</p>
ADM014	Transfers – Ensuring appropriate checks are in place for transferring benefits to another pension scheme	New	<ul style="list-style-type: none"> Process to notify tPR of transfer greater than £1.5m or if lower, 5% of scheme assets. Regular monitoring of impact of transfer on scheme funding 	<p>LPPA have a due diligence process to undertake to ensure that transfer that are requested is being paid to a legitimate arrangement.</p>	<p>Review final regulations to understand the depth of involvement required by the Governing Body regarding large transfer payments and regular monitoring.</p> <p>Obtain assurance from LPPA to confirm that their process is in line with requirements set out in the Single Code of Practice.</p>
ADM003	Scheme records – Maintain complete and accurate records	New	<ul style="list-style-type: none"> None 	<p>The Fund have a records retention policy in place. Most records are stored electronically, and paper records are in the main stored with LCC's records management team, who securely destroy records in line with the Fund's record retention policy.</p> <p>LPPA carry out a data cleaning schedule which specifies data cleaning activities during the year. The cleanliness of this data is compared to targets set out by the Pensions Regulator. LPPA is working on implementing electronic data quality reporting routines, covering employers' and scheme data quality.</p> <p>LPPA are undertaking an ongoing data cleanse activity. This will include working with employers to track down missing leaver forms.</p> <p>LPPA has a policy for chasing and tracing missing or inaccurate member records. There are a significant number of deferred members whose current details are not known. The service takes a proportionate and risk-based approach in using resource to trace and chase such records.</p> <p>LPPA carry out comparisons of active member data with employer payroll data occur each pay period. Reconciliations between pay and contributions are carried out on a monthly</p>	<p>Obtain assurance from LPPA to confirm that their process is in line with requirements set out in the Single Code of Practice.</p>

				<p>basis. An engagement team works with employers to ensure the importance of data accuracy and record keeping is communicated.</p> <p>The Fund's Pensions Administration Strategy Statement (PASS) outlines mechanisms and deadlines for employers' submission of data to the fund. A number of employers do not meet these deadlines, and an ongoing training and support programme provides support to employers to enable them to comply.</p> <p>Additionally, the Employer Guide sets out in some detail the Fund's specific data requirements.</p>	
ADM006	Data monitoring – maintaining data to ensure records are accurate and complete	New	<ul style="list-style-type: none"> None 	<p>LPPA actively work on ensuring that their records are accurate for the membership.</p> <p>LPPA are compliant with GDPR regulation through relevant training, processes and client reporting on a monthly.</p>	Obtain assurance from LPPA to confirm that their process is in line with requirements set out in the Single Code of Practice.
ADM015	Maintenance of IT systems – IT systems to be reviewed and maintained regularly	New	<ul style="list-style-type: none"> Ensure Cyber Security measures and procedures are in place and functioning 		<ul style="list-style-type: none"> Seek assurance from all service providers that they have robust security measures and procedures in place and are functioning. Additionally seek evidence of changes are planned and they have a policy for maintaining, upgrading and replacing software and hardware. Seek assurance from LPPA and other providers that systems are able to incorporate updates to overriding legislation.
ADM016	Cyber controls – controls for the loss, disruption or data to a scheme or its members as a result failure in its IT systems and processes.	New	<ul style="list-style-type: none"> Assessing cyber risk Managing cyber risk 		<ul style="list-style-type: none"> The LCPF Governance Team are working to develop the requirements for this module <ul style="list-style-type: none"> Understanding the requirements from a Fund perspective: <ul style="list-style-type: none"> From an officer understanding Board and Committee perspective Workshop planned for July 2022 for Board and Committee Review of the TPR requirements and understanding the areas which require development. To support this, we have the Aon Scorecard which we are working on

					obtaining. This will provide the ability for us to fully understand the areas which we need to develop further.
ADM007	Receiving contributions	Existing	<ul style="list-style-type: none"> Treat any failure to make payment of employee contributions as materially significant. 	<p>Established processes are in place to manage employer and employee contributions due, and their payment. These are operated by the LCPF Finance Team.</p> <p>Most employer and employee contributions are received by the Fund via a regular direct debit collection.</p> <p>The LCPF Finance team have processes in place to identify missing contributions and to pursue is payments are missed.</p> <p>Contributions breaches and incidents are reported quarterly as part of the breaches report.</p>	LCPF Finance to fully review module from final regulations to ensure full compliance.
ADM008	Monitoring contributions – reconciliation of pension contributions	Existing	<ul style="list-style-type: none"> None 	<p>A reconciliation between the EPIC system, the Oracle financial system and the Altair pension payroll is performed on a monthly basis. The reconciliation ensures that the financial information is consistent across the systems for the employer and the members. These reconciliations are designed to ensure accuracy and consistency of reporting and should also highlight any missing or late contributions along with any under / over payments.</p>	Pensions Finance to fully review module from final regulations to ensure full compliance.
ADM011	Resolving overdue contributions – process for chasing payments once they become overdue	Existing	<ul style="list-style-type: none"> None 	<p>The Fund's policy is to collect contributions by direct debit. If a contribution remittance advice is not received from an employer via EPIC in line with the direct debit deadline then the Fund will collect an amount equal to the previous month. This maintains cash flow to the Fund but requires confirmation from the employer in the following month and will usually result in an adjustment to the following month's collection remittance in order to correct the actual contributions as a percentage of pensionable pay. A record is maintained of any contributions collected as a result of this back-up procedure.</p> <p>A procedure has been established to ensure that repeat failure to submit remittances on time is recorded on the Fund breaches log and</p>	Pensions Finance to fully review module from final regulations to ensure full compliance.

				<p>remedies applied as necessary – whether this be through application of financial penalties or in the case of admitted bodies, contractual penalties can be applied. System invoices are generated as a result of the direct debit process. These invoices are not sent to employers but are recorded in the Oracle financials system. Non-payment will result in outstanding debt which will be identified and chased by either the Fund or the LCC income and debt management team in accordance with the Debt Management Policy.</p> <p>Any returned or failed direct debits are notified to the Fund finance team by the LCC banking team and are followed up immediately with employers and providers who will be asked to pay immediately by BACS if necessary or other remedies may be applied. Again, any ongoing payment issues should be recorded on the breaches log.</p>	
--	--	--	--	--	--

Communications and Disclosure

Module Number	Module Title	New/Existing	Potential Gaps	Comments	Actions
CAD001	General principles for member communications – expectations of how to meet the legal obligations	New	<ul style="list-style-type: none"> Review communication methods to ensure that they are inclusive 	<p>LPPA review member communications on a regular basis and fine-tune communications in light of feedback from Local Pension Board. LPPA have an internal sign off process for all member communications to ensure both simplicity/ease of understanding and technical accuracy.</p> <p>Annual benefit statements that are produced annually and made available to all members via the online facility. Members who choose to opt out of e communication are provided with a paper copy.</p> <p>The strategy for issuing of regulatory statements and documents online vs postal versions is reviewed annually. Any members who have opted out of electronic communications receive a paper copy.</p> <p>LPPA are undertaking a review of their member communications with a focus on plain English, less jargon and member transparency.</p>	<p>Assurance for LPPA that these requirements are met.</p> <p>Review LCPF website to ensure it is accessible for all users.</p>

CAD003	Statutory financial statements (DC)	DNA			
CAD011	Statutory financial statements (DB)	DNA			
CAD012	Statutory financial statements (PSPS) – Providing annual benefit statements to members	Existing	<ul style="list-style-type: none"> None 	LPPA send out Annual benefit statements to all members in line with Regulations. Member data is updated on a monthly basis onto individual member records.	Seek assurance from LPPA annually that they meet these requirements including reviewing content supplied as part of the Annual benefit Statement to ensure it meets regulations.
CAD004	Retirement risk warnings and guidance	DNA			
CAD016	Short service refunds/refunds of contributions – Appropriate options to provide to members following leaving the scheme after a short period of service.	Existing	<ul style="list-style-type: none"> None 	LPPA process refunds in line with LGPS regulations and provide members with appropriate documentation and options.	Seek assurance from LPPA that information is provided to members in a timely manner set out in the regulations.
CAD008	Chair's statement	DNA			
CAD005	Scams – Ensuring appropriate checks are undertaken to mitigate the risk of scams.	New	<ul style="list-style-type: none"> None 	<p>LPPA have a due diligence process to undertake to ensure that transfer that are requested is being paid to a legitimate arrangement.</p> <p>The Fund receives a monthly Audit, Risk and Compliance report which provides an update on claims received for members who have lost their pension to scammers.</p>	Obtain assurance from LPPA regarding their due diligence process
CAD010	Publishing information about public service pension schemes – Publishing details of the Pension Board	Existing	<ul style="list-style-type: none"> None 	<p>The LCPF Website has details of the member of the Local Pension Board and Pension Fund Committee.</p> <p>Both Committees have detailed Terms of Reference which are available on the County Council's Website.</p>	Ensure details LCPF on website is regularly reviewed and updated
CAD014	Audit requirements – an opinion from an independent Auditor of the Scheme on the audited accounts and statement on payment of contributions to the scheme	New	<ul style="list-style-type: none"> Audit opinion to reference contributions. Review timing of when audit opinion is made available. 	<p>The audit opinion is quite extensive and is prepared under appropriate regulations.</p> <p>The accounts are published on the LCPF website and is freely available to the public.</p>	<ul style="list-style-type: none"> LCPF Finance to review requirement
CAD015	Dispute resolution procedures – Formal procedure and processes to investigate and decide upon pension scheme disputes.	Existing	<ul style="list-style-type: none"> None 	Details of the Internal Dispute Resolution Procedure (IDRP) are published on the LPPAs website. In addition the appeals application form, also available on the website, contains further guidance for members including the specific time limits imposed by the IDRP. Those documents are reviewed regularly to ensure that they are in line with amending	

				<p>legislation and procedures. (The latest versions can be viewed at the link below) https://www.lppapensions.co.uk/customer-care/internal-dispute-resolution-procedure/</p> <p>Procedures for employers are also contained within the employer guide on the LPPA website. In addition a guide for employers is also available, used particularly for employers who have a new adjudicator reviewing a stage 1 case.</p> <p>Training for employers and bulletins highlighting problem areas such as Ill health determinations are utilised where appropriate.</p> <p>In respect of stage 1 and stage 2 IDRPs, a task management process exists through the pensions administration system to ensure that the appropriate deadlines and notifications are provided to members and representatives involved in the IDRPs and that those deadlines are adhered to. Bespoke documentation covers acknowledgements and details of extensions to time limits. Procedures for stage 2 are regularly updated.</p> <p>The right to appeal a decision under IDRPs is part of all LPPA documentation where a decision is being taken that may affect a member or prospective member's benefits, whether that be an administering or employing authority decision.</p> <p>A log of all appeal cases is kept detailing dates when cases are received, acknowledged and determined.</p> <p>LPPA provides an update on IDRPs case volume to the Fund periodically.</p>	
--	--	--	--	--	--

Reporting to TPR

Module Number	Module Title	New/Existing	Potential Gaps	Comments	Actions
RTT001	Registrable information and scheme returns – Information about the fund to be published to the tPR.	New	<ul style="list-style-type: none"> None 	LCPF are registered to the tPR website and details of the scheme is also provided to them and reviewed frequently.	

RTT003	Who must report – Who is required to report Breaches of law to the tPR	Existing	<ul style="list-style-type: none"> None 	<p>The Fund have a Breaches Policy in place.</p> <p>Training on Code of Practice 14 and GDPR has been given to all Board and Committee members. All others under a 'statutory duty' to report have also received the relevant training.</p> <p>Systems are now in place to record and report breaches for contributions, process and data;</p> <p>A Breaches Report is produced by the Fund (with input from LPPA and LCC Finance team) provided to the Local Pension Board every quarter.</p> <p>When and how breaches are reported to the Pension Regulator is documented within the procedures.</p>	
RTT004	Decision to report – Making a judgement on the decision to report a breach of law to tPR	Existing	<ul style="list-style-type: none"> None 	<p>Determining whether a there is a reasonable cause to believe there is a breach law which is of material significance is covered in the LCPF breaches policy.</p> <p>The Fund uses the tPR's traffic light framework to review breaches and identify if they require reporting.</p> <p>The framework covers the Cause, effect, reaction and wider implications of a breach.</p>	Review Breaches policy is in line with the final regulations published by tPR
RTT005	How to report – Process for reporting breaches to the tPR	Existing	<ul style="list-style-type: none"> None 	<p>Breaches Policy covers details to be provided as part of reporting a breach to the tPR. This policy also outlines steps on how to ascertain if a breach is of material significance.</p> <p>The Breaches are reported to the Local Pension Board on a regular basis by the Fund officers. The report covers contributions, CoP14 and data breaches.</p> <p>A Risk and Compliance report is provided by LPPA on a monthly basis which outlines any administration breach.</p> <p>This report is also shared with the County Councils Information Governance Manager.</p>	

Lancashire Local Pension Board

Meeting to be held on Tuesday, 5 July 2022

Electoral Division affected:
(All Divisions);

Communications Update

(Appendix 'A' refers)

Contact for further information:

Mukhtar Master, (01772) 5 32018 mukhtar.master@lancashire.gov.uk
Governance & Risk Officer, Lancashire County Pension Fund

Executive Summary

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

Recommendation

The Board is asked to note this report and comment on the content of the communications strategy.

Background and Advice

LPPA Communication Update

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

The update from LPPA provides the Engagement Activities for Quarter 1 (April - June 2022) and is set out at Appendix 'A'.

The executive summary by Chris Dawson, Head of Engagement (LPPA), sets out some key highlights for the previous quarter. The report then details the following activities of the LPPA Engagement, Marketing & Communications Team:

- Member & Employer Visits and Training;
- Engagement Team Update;
- Member communications;
- Online member training;
- Online/Web Activity ;
- Planned Activity Q2 2022/2023.

LPPA Communications have been planning for Phase 2 of the PACE roll out and are focusing on training for employers for the planned launch of UPM (Project PACE) confirmed for LCPF as 28th October 2022.

Pension Fund Team Update

LCPF Communications Strategy

The Pension Fund has started its initial scoping in developing a Communications Strategy to enhance communications for all stakeholders. This was approved by the Pension Fund Committee as part of the 2022/25 Strategic Plan.

LCPF currently has a communication policy in place, however this strategy will support in enhancing this policy.

Objectives

The objectives of the Communications Strategy are to:

1. Identify the **communication/engagement needs** of Fund membership and implement appropriate methods of communication delivery by Lancashire County Pension Fund and provide recommendations to Local Pensions Partnership Administration;
2. To increase **member satisfaction** regarding engagement offered by Lancashire County Pension Fund and Local Pensions Partnership Administration; and
3. To enhance and improve **Fund engagement with its membership** which compliments member and employer engagement provided by Local Pensions Partnership Administration.

To support in developing a communications strategy the Fund will look to consult with its membership and employers through separate surveys to understand their needs.

The Fund will also be consulting the Local Pension Board to gain an insight into where there may be limitations in the current offering and to provide input on the development of the strategy. Officers will discuss with the Board the optimum approach for engaging with the Board members on this strategy.

The Fund is evaluating the option of engaging a third party to carry out the consultation process with all stakeholders in relation to ultimately producing the communications strategy.

Quick wins

A number of potential quick wins have been identified which the Fund can look to implement and have already put in place prior to the development of a strategy. This includes:

- 2022 Valuation content published on the Fund's website which includes a timeline of events for employers to refer to. Further content to be added during the valuation project;
- Consult with the County Council's Internal Communications Team to understand what support they may be able to offer and understand how best to obtain insight from members on what they would like to see from Fund communications; and
- Provide employers with content to share with their employees which covers key roles and responsibilities of the Fund, LPPA and the Employer.

Drivers/constraints

There are constraints around the strategy as a whole, including the quick wins, due to the following:

- The Fund has limited resource to deliver communications so any solutions need to be proportionate;
- The Fund is reliant on LPPA to deliver communication with the membership and employers;
- LPPA communications service delivery is specified in the service agreement between the county council and LPP;
- LPPA is currently in the midst of delivering PACE and quick wins may drive a large amount of traffic towards LPPA, so delivery/timing needs to be at the correct time for LPPA to accommodate; and
- The Fund currently only has its website for sharing communications on Fund activity.

Deliverables

The expected output from this project is as follows:

- A report on the communication needs of LCPF members and employers;
- New Communications Strategy document for LCPF encompassing members and employers;
- Provide LPPA with member expectations with a view to drive enhanced member and employer communications from LPPA Engagement Team;
- Enhancements to the LCPF website; and
- Once Communications Strategy is delivered, feedback from members, employers and Local Pension Board would indicate if the delivery was successful.

Timeline

The project plan is broken down into the following stages:

- **Stakeholder engagement (May to August 2022)**
This involves engagement with LPPA, design consultants, LCC Communications and the Local Pension Board to ensure sufficient specialist input into development of the strategy plan and member survey.

- **Member survey (September to November 2022)**
Consult with members to obtain views on pension communication priorities, pain points and what they would like to see improved around member communications.
- **Member needs report (December 2022 to February 2023)**
Production of a report on understanding communication needs of the membership which will be discussed with Local Pension Board and Pension Fund Committee.

Employer Engagement

Following the Director's Briefing on 14 December 2021, two emails have been sent to all employers to highlight the importance of keeping data accurate and up to date for the valuation and setting out the timetable of key events. Web pages have been created on the LCPF website to explain the background to the valuation and show the timetable. Work to target employers who have a high level of missing leaver forms has had some success. However, in situations where the level of missing leaver forms is still high relative to the size of the employer, this position will be communicated to the actuary. The Pension Fund Team will continue to work with LPP to target poorly performing employers.

Consultations

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

Implications:

This item has the following implications, as indicated:

Risk management

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

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
None		

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



Local Pensions Partnership
Administration



WORKING
TOGETHER



FORWARD
THINKING



COMMITTED TO
EXCELLENCE



DOING THE
RIGHT THING

LPPA Engagement, Marketing & Communications Team Report June 22

Section 1

Engagement Activities Q1 2022/23 (Apr 22 - June 22)

Section 2

Planned Activity Q2 2022/23 (July 22 - Sept 22)

This report provides an overview of activities undertaken by the LPPA Engagement, Marketing & Communications Team in the period April to June March 2022 (to date), and activities the team will undertaking in the next 3 months.

Executive Summary

This report outlines the ongoing support that has been maintained with LCPF employers and members in the last 3 months, whilst in addition supporting the successful rollout of project PACE and the implementation of LPPA's new UPM administration system. Highlights of the last three months include:

- Undertaking all statutory P60 communications to retired LCPF fund members by deadline (end May 22)
- Spring newsletter (online) distributed to members
- Year end data submission process undertaken, prior to fund valuation deadlines and member ABS production (statutory deadline end August 22)

In summary, Q1 has seen the focus switch to planning for Phase 2 of PACE roll out, including all engagement and communication activities. All objectives were successfully delivered during the period, and plans are all on track for Q2

Chris Dawson
Head of Engagement, Marketing & Communications (LPPA)
16 June 22

LPPA Engagement, Marketing & Communications Team Report

1 Engagement Activities Q1 2022/23 (April 22 to June 22)

**Activities up to 09 June 2022*

1.1 Engagement Activity – Member and Employer Training

Date	Activity	Employer Name	Number Attended
05/04/2022	Pre - Retirement LG (LCC/True Bearing)	Blackpool Council Members	20
25/04/2022	Pre - Retirement LG (LCC/True Bearing)	Lancashire County Council Members	14
03/05/2022	Making sense of your pension - Members	LCPF Members	10
12/05/2022	Making sense of your retirement - Members	LCPF Members	9
16/05/2022	Pre - Retirement LG (LCC/True Bearing)	Lancashire County Council Members	12
18/05/2022	LCC Pre-Retirement (Schools)	Lancashire County Council Members	14
24/05/2022	Pre - Retirement LG (LCC/True Bearing)	University of Central Lancashire Members	1
24/05/2022	LGPS Scheme Essentials - Employer Training	Cardinal Newman College	1
24/05/2022	LGPS Scheme Essentials - Employer Training	University of Central Lancashire	1
24/05/2022	LGPS Scheme Essentials - Employer Training	Ribble Valley Council	1
31/05/2022	LGPS Scheme Essentials - Employer Training	Lancaster Girls Grammar School	1
07/06/2022	Making sense of your retirement - Members	LCPF Members	6
09/06/2022	Making sense of your pension - Members	LCPF Members	11
09/06/2022	LCC Pre-Retirement (Schools)	Lancashire County Council Members	9

Summary of data table above:

There have been a high number of pre-retirement sessions with employers including UCLAN and Lancashire County Council.

Pre - Retirement LG (LCC/True Bearing): LPPA deliver pre-retirement sessions (same content as the Retirement Essentials workshops) and True Bearing are the organisers.

1.2 Engagement Team Update


All member and employer training sessions are bookable via the LPPA website on designated training pages, with Q2 dates currently available to book. The Engagement Team are focusing on preparing LCPF employers for UPM implementation and delivering training sessions in Q2. Training will be split into two sessions, one to cover navigation of the portal and key processes, including leavers and joiners, and the other will focus on the monthly returns process and the specific requirements.

Home > Employers > Training

Employer training

To help you understand your pension scheme and how the processes work, we deliver a number of employer training sessions throughout the year. Take a look and see which ones are right for you

Scroll down ↓



Use the links below to find out what's covered in our upcoming sessions. Or view our full 2022-2023 [activity calendar](#).

Home > Members > Training

Making sense of your pension

To help you get a better understanding of your pension, we deliver a number of online training sessions throughout the year.

Click on the links below to find out more about our upcoming training sessions (April-June).

Scroll Down ↓



1.3 Member Communications

There have been various communications sent in Q1, which have included topics as detailed below:

- Getting ready for retirement - an email is sent once we have received a member's intention to retire form. It advises them of the process and gives them the option to download a retirement checklist and to watch LPPA's retirement video.
- Member surveys - emails are sent after retirement, helpdesk interactions, bereavements, and joining the scheme, to allow LPPA to gather feedback and continue to improve the experience across the processing teams
- [P60 emails for retired members](#) – explaining that their P60s are available to view on MPO.
- [ABS emails](#) for deferred members (May) and active members (June) – explaining that their Annual Benefit Statements are available to view on MPO

- Retirement newsletter – available in a new online format for retired members. [View spring newsletter \(retirees\)](#)

1.4 Member Sessions

All member sessions are bookable via LPPA Member Training page.

Making Sense of your Pension (online sessions)

These two-hour online sessions are aimed at members to help improve their knowledge of their LGPS pension, whether they have recently joined the scheme, or have been in the scheme a while.

Making Sense of Retirement (online sessions)

These two-hour online sessions are aimed at Members who are reaching retirement age (age 55 and over) to help improve their knowledge of the retirement process and claiming their LGPS pension.

Date	Subject	Numbers of LCPF members attending
03/05/2022	Making sense of your pension	10
12/05/2022	Making sense of your retirement	9
07/06/2022	Making sense of your retirement	6
09/06/2022	Making sense of your pension	11

1.5 Employer Communications

Various email communications have been sent to employers in Q1 including:

- Welcome to the Engagement Team email – introducing some new LPPA faces and how they can offer employer support. [View Engagement Team email](#)
- Pension Pulse employer newsletters sent out in April and May (June to be sent later this month)

[April Pension Pulse](#)

[May Pension Pulse](#)

1.6 Ongoing Website Development

- **A new training page has been created** – making it easier for employers to book ongoing training sessions. [View new training page](#)
- **Regular updates to the news page** – there are weekly articles added to the website which are on a variety of topics as detailed below. This page is used to keep both members and employers informed with current events in the pensions industry.

[News • Local Pensions Partnership Administration \(lppapensions.co.uk\)](#)

- Several new FAQs have been added to the website to help members understand their pension and the processes involved. [View FAQ pages](#)

2 Planned Activity Q2 2022/2023

2.1 LCPF Employer Activities (July to September)

- As mentioned previously, the Engagement Team have now finalised their training schedule for 2022/2023. This includes the regular scheme essentials and retirement essentials for members which will continue to be delivered each month, and further sessions for employers:
 - Scheme Essentials Employers- A session which covers pension basics for new or existing scheme employers, including topics such as how to calculate final pay, APP, and scheme specific support (North employer services portal).
 - Scheme Leavers Training- this session will cover what an employer needs to do when an employee is leaving the scheme, which will aim to increase awareness of the importance of early retirement notifications.
- Employer visits will be conducted with employers that have a high number of outstanding leaver forms to ensure any training needs are being met. The aim of these sessions is to ensure that the data is correct for the transition to UPM. This will continue to be prioritised over the next quarter
- From Q1 and for 2022/23, the LPPA employer engagement team will be arranging visits with employers with more than 100 members, including targeted visits with those who have been identified as requiring additional support. Focus groups meetings will also take place across the year, with the 20 largest employers across all LPPA (LG) fund clients (7 LCPF employers will be included and invited to these groups)
- All employer visits (training sessions, support meetings) will continue to be delivered remotely in 22/23. The Engagement team have continued to build on the successful delivery of these sessions during the last two years – the team has adapted the delivery of these sessions to increase the reach across large numbers of employers, and consistently receive positive feedback and satisfaction scores (online training sessions are surveyed with participants)
- With the launch of UPM (Project PACE) confirmed for LCPF on 28 October, the Q2 period will be focused on training employers on how to use the new employer portal, and specifically on submitting monthly returns

2.2 LCPF planned employer communications (July-September)

Employer communications for Q2 will have a strong focus on the move to UPM, with training invites, videos and online resources being communicated.

2.3 LCPF Member Activities (July-September)

- Active member newsletter (in online format) – due to be created in July
- Several web updates will be added in Q2 – including news stories, FAQs and member videos.
- Information on the new member portal (PensionPoint) will be emailed to members in September ahead of the move in October

Lancashire Local Pension Board

Meeting to be held on Tuesday, 5 July 2022

Electoral Division affected: None;

Feedback from members of the Board on pension related training.

Contact for further information:

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

mike.neville@lancashire.gov.uk

Brief Summary

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

Recommendation

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

Details

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

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

28th April 2022 Overview of the LGPS Webinar (online).

Participant - Mr K Ellard.

9th May 2022 Internal Workshop - Legal Update, County Hall, Preston.

Participants - W Bourne, Ms K Haigh and Ms D Parker

13th to 15th June 2022 PLSA Annual Conference at the De Vere Cotswold Waterpark, Gloucestershire.

Attended by W Bourne.

29 June 2022 Internal workshop - LCPF Project PACE & administration Update

Participants – will be reported at the meeting.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

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

Financial

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

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

Paper	Date	Contact/Tel
Attendance at external Conferences and Events approved by the Head of Fund under the Scheme of Delegation to Heads of Service	9 th March 2022 4 th April 2022	Mike Neville 01772 533431
Attendance sheet for internal workshop – legal update	9 th May 2022	Mike Neville 01772 533431

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

Lancashire Local Pension Board

Meeting to be held on Tuesday, 5 July 2022

Electoral Division affected: None;

Part I reports to the most recent Pension Fund committee

Contact for further information:

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

mike.neville@lancashire.gov.uk

Brief Summary

This report lists the Part I reports that were presented to the Pension Fund Committee on 17th June 2022 and at the meeting the Head of Fund will update members of the Board on decisions taken in respect of those reports.

Recommendation

The Board is asked to comment in relation to the Part I reports that were considered by the Pension Fund Committee on 17th June 2022 and any decisions taken

Details

At the meeting on 17th June 2022 the Pension Fund Committee considered several items 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 items in bold below though Board members are free to ask for updates regarding all listed reports.

- Constitution, Membership and Terms of Reference of the Committee.
- Minutes of the meeting held on 11th March 2022
- **External Audit 2021/22**
- 2021/22 Budget Monitoring Report
- **Internal Audit Report 2022**
- **Lancashire County Pension Fund - Governance Compliance Statement**
- **Lancashire Local Pension Board - Annual Report 2021/22**
- **Lancashire County Pension Fund Risk Management Framework**
- Responsible Investment Report

- 2021/22 Training Record and feedback from members of the Committee on pension related training.
- Urgent Business
- Date of Next Meeting - 16th September 2022 in Committee Room 'A' - The Tudor Room, County Hall, Preston, starting at 10.30am.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

There are no significant risk management implications associated with this report

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

Paper	Date	Contact/Tel
N/A		

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

Agenda Item 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)

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 16

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

Document is Restricted

Appendix A

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

Document is Restricted

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)

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 18

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

Document is Restricted

