

Lancashire County Council

Lancashire Local Pension Board

**Tuesday, 18th October, 2022 in the Jordan Suite - The Exchange - County Hall,
Preston, starting at 2.00pm.**

Agenda

Part I (Open to Press and Public)

No. Item

- 1. Welcome and Apologies**
- 2. Disclosure of Pecuniary and Non-Pecuniary Interests**
- 3. Minutes of the Last Meeting.** (Pages 1 - 8)
To be confirmed, and signed by the Chair.
- 4. Lancashire County Pension Fund Breaches Report** (Pages 9 - 12)
- 5. Regulatory Update** (Pages 13 - 18)
- 6. Communications Update** (Pages 19 - 28)
- 7. Feedback from Board members on pension related training.** (Pages 29 - 30)
- 8. Lancashire Local Pension Board Workplan - 22/23** (Pages 31 - 36)
- 9. Part I reports presented to the most recent Pension Fund Committee** (Pages 37 - 38)
- 10. Urgent Business**
An item of urgent business may only be considered under this heading where, by reason of special circumstances to be recorded in the minutes, the Chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency. Wherever possible, the Chief Executive should be given advance warning of any Member's intention to raise a matter under this heading.



11. Date of Next Meeting

The next scheduled meeting of the Board will be held at 2.00pm on 24th January 2023 in Exchange Room 6, The Exchange, County Hall, Preston.

12. Exclusion of Press and Public

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

Part II (Not Open to Press and Public)

- | | |
|--|-----------------|
| 13. Local Pensions Partnership Update | (Pages 39 - 40) |
| 14. Lancashire County Pension Fund Risk Register | (Pages 41 - 72) |
| 15. Internal Audit Update | (Pages 73 - 78) |
| 16. Part II reports from the most recent Pension Fund Committee | (Pages 79 - 80) |

L Sales
Director of Corporate Services

County Hall
Preston



Agenda Item 3

Lancashire Local Pension Board

Minutes of the Meeting held on Tuesday, 5th July, 2022 in the Jordan Suite - The Exchange - County Hall, Preston starting at 2pm.

Present:

Chair

William Bourne

Board Members

Glyn Peach, Employee representative - LCC

County Councillor Matthew Salter, Employer representative - LCC

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

Carl Gibson, Employer representative - Other Employers (remotely)

Kathryn Haigh, Scheme Member representative

Deborah Parker, Scheme Member representative.

Kevin Ellard, Scheme Member representative

In attendance.

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

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

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

Jennifer Harrison, Senior Technical Pensions Officer, Lancashire County Council

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

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

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

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

Resolved:

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

Mr W Bourne - Independent Chair

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

Mr G Peach - Employer representative (Lancashire County Council)

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

Mr C Gibson - Employer representative (Other Employers)

Ms K Haigh - Scheme member representative.

Ms Y Moulton - Scheme member representative.

Ms D Parker - Scheme member representative.

Mr K Ellard - Scheme member representative.

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

2. Local Pension Board Recruitment

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

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

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

Resolved:

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

3. Apologies

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

4. Disclosure of Pecuniary and Non-Pecuniary Interests

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

5. Minutes of the Last Meeting.

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

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

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

6. Lancashire County Pension Fund Breaches Report

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

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

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

7. Regulatory Update

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

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

8. Single Code of Practice - Gap Analysis

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

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

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

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

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

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

9. Communications Update

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

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

10. Feedback from Board members on pension related training.

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

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

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

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

Resolved:

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

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

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

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

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

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

Resolved:

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

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

12. Urgent Business

No items of urgent business were raised at the meeting.

13. Date of Next Meeting

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

14. Exclusion of Press and Public

Resolved: That the press and public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act, 1972, as indicated against the heading of each item. It is considered that in all the circumstances the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The Chair briefly paused the meeting at this point to allow Board members to have a short break while the livestream of the meeting was turned off.

15. Administration Service Based Review

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

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

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

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

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

16. Local Pensions Partnership Administration - Update

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

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

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

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

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

17. Lancashire County Pension Fund Risk Update

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

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

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

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

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

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

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

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

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

L Sales
Director of Corporate Services

County Hall
Preston

Lancashire Local Pension Board

Meeting to be held on Tuesday, 18 October 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

Brief Summary

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

Detail

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 July 2022 to September 2022* (September contributions have not been collected at the time of writing this report) there have been 2 breaches.

There were no breaches in quarter 1 (April 2022 to June 2022), 2 breaches in quarter 4 (January 2022 – April 2022), and 1 breach in quarter 3 (September 2021 – December 2021).

There were several incidents recorded in the period which have resulted in corrective action being taken. A total of 50 employers failed to submit contribution figures for Q1 and 29 for Q2*.

They have all been contacted in accordance with the Stage 2 escalation procedures, which ensure that all incidents are corrected swiftly. For Q1, the number of employers which failed to submit contributions represents 4.52% of the total submissions, in monetary values this equates to 0.80% of the total contributions received during the period, for Q2* this represents 1.22% and 4.79% respectively.

| | Q3 | Q4 | Q1 | Q2* |
|------------------|-----------|-----------|-----------|-----------|
| Incidents | 37 | 23 | 50 | 29 |
| Breaches | 1 | 2 | 0 | 2 |

*Incomplete – Q2 incidents and breaches only include 2 months data

Data Breaches:

For the period 1st July 2022 to 30th September 2022* there were a total of 7 data breaches:

| | |
|------------------|---|
| July | <ul style="list-style-type: none"> • 5 data breaches in July <ul style="list-style-type: none"> • 3 instances where correspondence was sent to the incorrect address • 2 instances where correspondence was sent to the incorrect recipient |
| August | <ul style="list-style-type: none"> • 2 data breaches in August <ul style="list-style-type: none"> • Correspondence was sent to the incorrect address • Correspondence was sent to the incorrect recipient |
| September | 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:

| | Q3 21/22 | Q4 21/22 | Q1 22/23 | Q2 22/23* |
|----------------------|----------|----------|----------|-----------|
| Data Breaches | 5 | 4 | 6 | 7 |

*September 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 CoP 14 breaches in the period and three process breaches:

| | CoP 14 Breach | LPPA Process Breach | Total |
|-------------------|---------------|---------------------|----------|
| July | 2 | 1 | 3 |
| August | 0 | 2 | 2 |
| September* | 0 | 0 | 0 |
| Total | 2 | 3 | 5 |

| | |
|-----------|---|
| July | CoP 14: <ul style="list-style-type: none">• Incoming transfer processed incorrectly• Forms sent in error to a member who had opted out Process Breach: <ul style="list-style-type: none">• Document not released resulting in the member not receiving the requested information |
| August | Process Breach: <ul style="list-style-type: none">• Invoice incorrectly raised on LCPF account relating to another LPPA client• Encrypted email sent to the member |
| September | Data not yet available |

*September 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 | Junaid Laly 01772 532767 |

Reason for inclusion in Part II, if appropriate

N/A

Lancashire Local Pension Board

Meeting to be held on Tuesday, 18 October 2022

Electoral Division affected:
(All Divisions);

Regulatory Update

Contact for further information:

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

Brief 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.

Detail

1. Prudential

Following administration delays experienced by Funds and members due to the system changes in early 2021, the Scheme Advisory Board (SAB) and the Local Government Pension Committee (LGPC) have established a subgroup to meet with Prudential to discuss any ongoing difficulties and improvements. The Fund are feeding into the group and does not currently have any identified data concerns in relation to the system changes.

This follows a letter issued by Prudential in April 2022 which describes the background to the problems and action they are taking.

Annual benefit statements for the year to 31 March 2021 were issued in August 2022. As advised in the January regulatory update, Prudential has already reported itself to the Pensions Regulator because it has missed statutory deadlines. Annual benefit statements for the year to 31 March 2022 are planned to be issued by end of October 2022.

The Fund continues to work with the Prudential Client Manager and LPPA to help raise concerns as they arise.

2. Update on McCloud

The Department for Levelling Up, Housing and Communities (DLUHC) has issued an update on McCloud to advise that later this year they will publish the Government's response to the [2020 consultation](#). The Scheme Advisory Board will then resume their McCloud implementation groups which will include representatives of different LGPS stakeholders and DLUHC.

DLUHC will also publish an updated version of the draft regulations, which will be subject to a further period of consultation in early 2023. The draft regulations will reflect the new powers given by the Public Service Pensions and Judicial Offices Act 2022 governing the statutory underpin as well as technical feedback from the 2020 consultation and any changes in policy. The consultation will also cover compensation and rates of interest. The regulations will be made in 2023 and will come into force on 1st October 2023. DLUHC intend to issue statutory guidance on the implementation of McCloud in 2023 following the period of consultation.

DLUHC are encouraging LGPS administrators to begin taking steps towards the implementation of McCloud remedy following the publication of the Government response and will shortly be holding a meeting with software suppliers to discuss the implementation of the McCloud remedy to this timetable.

There is a concern due to the late issue of the new draft regulations, as it gives Funds less time to implement the changes. LPPA have already been taking steps to ensure that employers have been submitting the hours and service break data that will be required to implement the new remedy, and since 2014 LPPA have continued to update these data items when provided.

Separately on 20 July 2022, the Pensions Ombudsman published a [factsheet on McCloud](#), setting out that the general starting position is that it would not investigate McCloud complaints now, but will carefully look at each case to decide whether to investigate.

Before 2023, Civica (the system provider for LPPA) will be carrying out development work so that UPM is as ready as possible for the McCloud remedy to provide bulk remedy solutions including the recalculation of benefits and annual allowance and the rectification of affected members.

3. HMT Consultation on Public Sector Exit Payments

On 8 August 2022, HM Treasury (HMT) launched a consultation on public sector exit payments. The Government is proposing to introduce:

- an expanded approval process for employee exits and special severance payments
- additional reporting requirements.

The guidance is intended to apply to all bodies that are classified as 'Central Government'. This **does not** include local authorities or bodies under devolved administrations. The guidance will apply to academies.

The new approvals requirement would apply to decisions made by employers to agree to an exit where the total payment to be made would be more than £95,000. This includes relevant statutory, contractual, or discretionary payments. This would include any strain cost where an LGPS member aged over 55 leaves due to redundancy or efficiency. A further approval will be needed if special severance payments (payments that are in excess of contractual obligations) are to be offered.

More information about the proposals is available in the [draft HMT guidance on public sector exits](#).

The consultation closes on 17 October 2022. This issue primarily impacts scheme employers rather than the Pension Fund itself.

4. Cost cap results published

On 29 June 2022, the Government Actuary's Department published the results of the first cost cap valuation for LGPS (England and Wales).

The cost cap was introduced by the Public Service Pensions Act 2013. The Act requires the setting of an employer cost cap rate against which changes in the cost are to be measured. If there is a change of 2 per cent above or below the rate, action must be taken to bring the cost back to the rate.

The employer cost cap for the Local Government Pension Scheme (England and Wales) was set at 14.6% of pay, following the 2013 valuation. If at subsequent valuations the cost of the scheme is outside a corridor above / below the employer cost cap, the Public Service Pensions Act 2013 requires action to be taken to bring costs back to the target cost.

In February 2019, HMT paused the cost cap element of the 2016 valuations due to the uncertainty regarding the cost following the McCloud case, and this work resumed in October 2021.

The results of the first valuation show that the cost has remained within the 2 per cent corridor. This means that no changes to benefits or member contributions are required. The second valuation will assess the cost as at 31st March 2020.

Separately the Fire Brigades Union and British Medical Association are challenging that an allowance for McCloud costs has been included in the 2016 valuations. No date has been set for when the case will be heard.

5. Harpur Trust v Brazel

The Harpur Trust v Brazel case relates to the calculation of holiday pay for part-year employees, and the final judgement means that employers should now consider revising how pay is calculated for part-year employees (to include term-time and zero hours contracts). This could lead to recalculations of contributions and both final salary and career average pay.

6. Pensions Dashboards Consultations

On 14 July 2022 the Government responded to the consultation on the Draft Pensions Dashboards Regulations which ran from 31 January 2022 to 13 March 2022. The Department for Work and Pensions (DWP) have also published [a summary of key policies](#) which gives an update of the policy areas.

The key areas of the response that affect LGPS are as follows:

- The staging deadline for public service pension schemes will be deferred from 30 April 2024 to 30 September 2024. This includes responding to find requests and completing matching. The provision of more detailed accrued and projected pension values (which will be done using benefit statements) will need to be provided by 1 April 2025.
- Because of fluctuations in production of annual benefit statements, value data can be derived from a statement provided to a member within the last 13 months (initially a 12 month window was proposed).
- Value data for new members will need to be provided as soon as practicable, and by no later than the date the first statement is produced.
- The regulations will be amended to clarify what schemes are to do when they return a possible match. No personal data should be returned, and further information will be required so that a full match can be made.
- Schemes must keep information for reporting to the Money and Pensions Service, the Pensions Regulator, or the Financial Conduct Authority. The regulations will be amended to be clearer on this.
- Scheme managers and trustees are legally accountable for ensuring that AVC data is available to the dashboards, although in practice DWP expects that AVC providers will publish the data. AVC providers will be required to provide annual income amounts as well as pot values.
- The regulations will refer to "retirement date" rather than "normal pension age" which gives some flexibility to schemes

The Department for Work and Pensions (DWP) launched a further consultation on pension dashboards on 28 June 2022. The further consultation supplements the above consultation on the draft dashboard regulations and closed on 19 July 2022. LGA responded to this consultation on 19 July 2022

The further consultation set out two proposals. The first proposal provides clarity on the 'Dashboard Available Point' (DAP). The second proposal allows the Money and Pensions Service and the Pensions Regulator to share information about dashboards with each other.

DWP has separately confirmed that frozen refunds will not be in scope for initial dashboards but may be included at some point in the future.

A further consultation has been issued by the Pensions Dashboards Programme on dashboard design standards which the LGA responded to on 31 August 2022.

It is expected that regulations will be laid before Parliament later this year.

7. Future proofing of Scheme benefits

The chair of the Scheme Advisory Board has written to the Paul Scully MP (the new minister for Local Government) recommending reform of the LGPS rules on death grants and survivor benefits. This is to address recent challenges that the current rules are discriminatory on grounds of sexual orientation (for example the Goodwin case) or age (for example the McCloud case) and also to investigate “future proofing” Scheme benefits against potential future legal challenge. The Board has previously recommended (in a letter of 27 November 2017) that the Government should investigate the feasibility of removing all remaining differences in benefits in relation to survivor benefits.

8. DLUHC Consultation on Climate Risk Reporting

DLUHC has [launched its consultation](#) regarding governance and reporting of climate change risks. The consultation seeks views on proposals to require Local Government Pension Scheme (LGPS) administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The consultation closes on 24th November 2022 and LPPI will be submitting a response.

9. TPR's Single Code of Practice

The final version of the Code was expected to be published in late September 2022. However, the publication of final code has been delayed due to changes in Parliament over the summer. The Code is now not expected until later this year, or possibly early 2023.

10. Technical consultation on resolving low earners tax relief anomaly

On 20 July 2022, HMRC launched a technical consultation on draft legislation that aims to resolve the tax relief anomaly. The consultation closed on 14 September 2022.

The proposed changes will be included in the next Finance Bill.

The tax relief anomaly affects pension scheme members who earn less than the personal allowance. Whether the member receives any tax relief on their pension contributions depends on the tax relief method used by their scheme. The scheme will either use the ‘net pay arrangements’ or the ‘relief at source’ method.

Under the ‘net pay arrangements’, pension contributions are deducted before income tax is calculated. This means that tax relief is equal to the member’s marginal rate. For members whose income is below the personal allowance, the rate is zero per cent. Under the ‘relief at source’ method, low earners do receive tax relief on their contributions. The LGPS uses the ‘net pay arrangements’.

The legislation proposes placing a duty on HMRC to make top up payments directly to eligible members. Eligible members are members who pay into a scheme like the LGPS that uses the ‘net pay arrangements’ and whose total taxable income is below

the personal allowance. HMRC will identify and notify eligible members and invite them to provide the necessary details for the top up payment to be paid direct to their bank account. The duty will apply for the tax year 2024/25 onwards.

11. Academy Guarantee

The Department for Education (DfE) has made a written ministerial statement confirming an extension of the guarantee that the closure of an academy trust will not lead to any outstanding LGPS liabilities reverting to the fund. This guarantee was first made in 2013 and now includes a new increased annual ceiling of £20m. The Guarantee provides academy trusts with direct Government backing for certain pension costs. The DfE has asked administering authorities to ensure that this is reflected in this year's scheme valuation, both in the setting of employer contribution rates and the length of deficit recovery periods. A Parliamentary Minute which sets out the detail of the Guarantee, has been laid in both Houses.

12. Good Governance Recommendations

DLUHC ministers are believed to have given approval to take forward the England and Wales Scheme Advisory Board's [Good Governance recommendations](#).

It is expected that the Good Governance requirements will be defined in regulation and supported by statutory guidance. A consultation on draft regulations is expected early next year and this will be included as a project within the 2023/24 strategic plan.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

Without the required knowledge and skills, those charged with governance and decision making may be ill-equipped to make informed decisions regarding the direction and operation of the Pension Fund.

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, 18 October 2022

| |
|--------------------------------------|
| Electoral Division affected: N/A; |
|--------------------------------------|

Communications Update

Appendix 'A' refers

Contact for further information:

Junaid Laly, Special Project Pension Lead,
Junaid.Laly2@lancashire.gov.uk.

Brief Summary

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

Recommendation

The Board is asked to note this report.

Detail

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 (June-September 2022) and is set out at Appendix 'A'.

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

- Employer and Member Training.
- Engagement Team Activity.
- Member communications.
- Online Member Training.
- Employer Communications.
- Web Development.
- Planned Activity Q3 2022/2023.

LPPA communications have continued with their 'business as usual' work such as delivering the Annual Benefit Statement communications to LCPF members and published their summer newsletter. The LPPA Engagement Team continue to support employers in preparing to go live with Universal Pensions Management system in October 2022.

Pension Fund Team Update

Valuation 2022 Activity

The Fund delivered several valuation engagement sessions with the following groups of employers:

- Councils, Lancashire Constabulary and Lancashire Fire and Rescue Service;
- Higher education and further education employers;
- Academies; and
- Other employers

At these sessions the following items were presented by the Head of Fund, Technical Pensions Lead and the Fund Actuary, Mercer.

- Recap on 2019 Valuation;
- Inter-Valuation Experience (background on impact from the last three years);
- 2022 Valuation results;
- Post Valuation Experience (impact since 31st March 2022);
- Employer Risk.

Following the engagement sessions communications will be circulated shortly to invite employers to 1-2-1 sessions to discuss their individual valuation results with the Head of Fund, Technical Pensions Lead and the Actuary, Mercers.

A workshop on the 2022 valuation will be held at 1.00pm on 1st November 2022 for members of the Pension Fund Committee and the Local Pension Board.

Communications Strategy Update

At the previous Pension Board an update was given on the initial scoping of a Communication Strategy for the Fund.

Following that meeting the Fund has investigated options to identify the communication and engagement needs of members and employers and have identified the following options:

- Option 1 – Feedback and Best Practice Review
 - Engagement with employers to understand individual employer needs for communications.
 - Short member questionnaire to understand the member requirements which could be incorporated into a communications strategy.
 - Investigate best practice across the industry and identify topical issues to cover.

- Option 2 – Individual Member Survey
 - Interviews with key stakeholders such as employers and board members to identify communication needs
 - Longer member questionnaire which would be facilitated by design consultant
- Option 3 – Market Research Support Role
 - Support on development of member questionnaire and working with the Fund to review survey output and develop action plan.

For options 2 and 3 the employer engagement will be done as a separate exercise.

The Fund will consider which option is most appropriate and proceed with developing a strategy.

Delays and Constraints

The Fund is committed to developing and implementing a communications strategy, however, there have been some delays due to resourcing and other priority activities.

Concurrent implementation of systems – The Fund has been heavily involved in ensuring that the transition from Altair to UPM and transitioning to Oracle Fusion is seamless. That has required reallocation of duties across the team.

A quick win under development is to consult with the County Council's Internal Communications Team to understand what support they may be able to offer to scheme members on pensions communications. However, this will best take place after Project PACE has been delivered for Lancashire on 28th October 2022 as there could impact on the administration service due to the potential increase in members attempting to contact LPPA.

Staffing changes within Governance – Due to the recent departure of the Governance and Risk Officer and recruitment to the Senior Governance Officer role the Fund has had to reprioritise its workload to manage through the transition period.

Next Steps

The Fund will engage with the Board members to identify the areas that need to be incorporated into a communication strategy for the Fund.

The Fund has developed a series of questions to put to the Board's communications lead members, and an email will be sent out following this meeting to provide a response.

Progress on the Communications Strategy is expected to increase in the new year following delivery of Project PACE.



Consultations

Head of Engagement, Marketing and Communications, LPPA

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





WORKING
TOGETHER



FORWARD
THINKING



COMMITTED TO
EXCELLENCE



DOING THE
RIGHT THING

LPPA Engagement, Marketing & Communications Team Report September 22

Section 1

Engagement Activities Q2 2022/23 (July 22 – Sept 22)

Section 2

Planned Activity Q3 2022/23 (Oct 22 – Dec 22)

This report provides an overview of activities undertaken by the LPPA Engagement, Marketing & Communications Team in the period July to September 2022, and activities the team will be 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 quarter, whilst supporting the successful rollout of project PACE and the implementation of LPPA's new UPM administration system. Highlights of the last three months:

- Undertaking all statutory ABS communications to active and deferred LCPF fund members by deadline (end August 22)
- Summer newsletter (online) distributed to members – more details on content and member engagement, including positive feedback received from members, is included later in this report
- Supporting the Fund in its valuation activities including employer engagement and communications
- Delivering training to LCPF employer in readiness for the launch of UPM and the new employer portal in October

In summary, Q2 has seen a focus on ensuring that LCPF employers are prepared for UPM go live in October (not only employers – LCPF members will have received their first [PensionPoint communication](#) by the end of September). All objectives were successfully delivered during the period, and communication and engagement plans are on track for Q3.



1 Engagement Activities Q2 2022/23 (July 22 to Sep 22)

*Activities up to 23 September 2022

1.1 Engagement Activity – Employer and Member Training

| Date | Activity | Employer Name | Number Attended |
|------------|---|-----------------------------------|-----------------|
| 05/07/2022 | Making sense of your pension - Members | LCPF Members | 3 |
| 11/07/2022 | Pre - Retirement LG (True Bearing) | LCC Members | 16 |
| 12/07/2022 | Making sense of your retirement - Members | LCPF Members | 12 |
| 19/07/2022 | PensionPoint Awareness Training | Lancashire Police | 3 |
| 19/07/2022 | PensionPoint Awareness Training | Lancashire Fire and Rescue | 2 |
| 19/07/2022 | PensionPoint Awareness Training | Lancaster City Council | 1 |
| 19/07/2022 | PensionPoint Awareness Training | Endeavour Learning | 2 |
| 03/08/2022 | Making sense of your pension - Members | LCPF Members | 17 |
| 11/08/2022 | Making sense of your retirement - Members | LCPF Members | 8 |
| 06/09/2022 | Making sense of your pension - Members | LCPF Members | 18 |
| 14/09/2022 | LGPS Scheme Essentials | Preston City Council | 3 |
| 14/09/2022 | LGPS Scheme Essentials | UCLAN | 2 |
| 14/09/2022 | LGPS Scheme Essentials | Lancaster City Council | 2 |
| 14/09/2022 | LGPS Scheme Essentials | Lancashire Police | 2 |
| 14/09/2022 | LGPS Scheme Essentials | Lancashire Fire and Rescue | 2 |
| 15/09/2022 | Making sense of your retirement - Members | LCPF Members | 4 |
| 20/09/2022 | Scheme Leavers Training | Lancaster University | 1 |
| 20/09/2022 | Employer Panel | Edge Hill University | 1 |
| 20/09/2022 | Employer Panel | Hyndburn Borough Council | 1 |
| 21/09/2022 | Pre - Retirement LG (True Bearing) | Blackpool Borough Council Members | 15 |

Summary of data table above:

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

- **PACE UPM Training**

| Date | Session | Employer | Number attended | Employers represented |
|-------------|----------------------------|--------------------------------------|------------------------|------------------------------|
| 09/08/2022 | System Navigation Training | LCPF Employers and Payroll Providers | 11 | 71 |
| 16/08/2022 | System Navigation Training | LCPF Employers and Payroll Providers | 26 | 48 |
| 18/08/2022 | Monthly Returns Training | LCPF Employers and Payroll Providers | 6 | 44 |
| 01/09/2022 | Monthly Returns Training | LCPF Employers and Payroll Providers | 14 | 57 |
| 06/09/2022 | Monthly Return Training | LCPF Employers and Payroll Providers | 9 | 5 |
| 08/09/2022 | Monthly Return Training | LCPF Employers and Payroll Providers | 15 | 31 |
| 13/09/2022 | System Navigation Training | LCPF Employers and Payroll Providers | 6 | 26 |
| 15/09/2022 | Monthly Return Training | LCPF Employers and Payroll Providers | 9 | 33 |
| 20/09/2022 | Monthly Return Training | LCPF Employers and Payroll Providers | 13 | 11 |
| 22/09/2022 | System Navigation Training | LCPF Employers and Payroll Providers | 17 | 48 |

1.2 Engagement Activity – UPM Employer Portal Training

In addition to the employer and member sessions delivered during Q2, there have been specific training sessions delivered to prepare employers for the launch of UPM in October 2022. The sessions covered System Navigation and Submitting Monthly Returns. The data in the table above represents the number of attendees per session and how many employers have been represented, based on who submits data on their behalf. For example, a third-party payroll provider may provide information via the portal for 20 LCPF employers.

There have also been specific sessions for Lancashire County Council and LCPF to prepare for the launch of UPM.

| Date | Session | Employer | Number attended |
|-------------|------------------------------|---------------------------|------------------------|
| 14/07/2022 | Client meeting – portal demo | LCPF | 7 |
| 06/09/2022 | System Navigation Training | Lancashire County Council | 4 |
| 21/09/2022 | Data Collection File | Lancashire County Council | 4 |
| 22/09/2022 | Leaver Process | Lancashire County Council | 4 |

1.3 Engagement Team Update

In September, the Employer Engagement Team launched the Employer Panel, with twelve employers registering to be part of the panel, of which three are Lancashire County Pension Fund Employers. Two of the three employers attended the first panel meeting with discussions around the support employers require and how the LPPA website can be used to support their activities.

All member and employer training sessions continue to be bookable via the LPPA website on designated training pages, with Q3 dates currently available to book. A specific UPM employer portal training page hosts all training dates for pre-go live training.

1.4 Member Communications

There have been various communications sent in Q2, which have included topics as detailed below:

- **Getting ready for retirement email** – 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.
- **LCPF board vacancies email** sent in July and August
- **Member survey emails** – 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
- **ABS activity (active and deferred members)** - ABS communications activity with active and deferred LCPF members receiving email notification that their ABS was available via My Pension Online (member portal). Those who chose to receive their ABS in the post, received them by the end of August 22 (statutory deadline).
- **Active/deferred member newsletter** – in a new online format, which allows members to view and share articles in an easy-to-read, mobile-friendly format. This was based on feedback from the Retirees newsletter, sent to LCPF pensioners earlier in 2022 and shared with the local pension board. The new format was well received by other LPPA clients and had a positive response from members (75% opened the Retirees newsletter, half then went on to the website to read the newsletter). Over half of LCPF members viewed the newsletter on a mobile phone.



Method

- Newsletter hosted on LPPA website
- Emails sent to all contactable LCPF active and deferred members
- Reminder LinkedIn post also sent following initial emails
- Included a 'News from your Pension scheme' section, as requested by the LCPF communications team

Content

- PensionPoint resources (how to get online access to your pension)
- Understanding your ABS
- Moving abroad
- Pension health check
- Nominating a beneficiary

- Plus other articles – [see link](#)

Member Feedback

- Mobile phone views = 59%; iPad / Tablet = 5%; Desktop PC = 36%
- Majority of member panel (over 90%) enjoyed newsletter and liked the new format
- 100% found it easy to navigate
- A number of new web pages have created in Q1 including new [member case study page](#), [pension health check page](#) and a dedicated [IFA page](#).

1.5 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 | Number of LCPF members attending |
|------------|------------------------------|----------------------------------|
| 05/07/2022 | Making sense of your pension | 3 |
| 12/07/2022 | Making sense of retirement | 12 |
| 03/08/2022 | Making sense of your pension | 17 |
| 11/08/2022 | Making sense of retirement | 8 |
| 06/09/2022 | Making sense of your pension | 18 |
| 15/09/2022 | Making sense of retirement | 4 |

1.6 Employer Communications

Various email communications have been sent to LCPF employers in Q2 including:

- [Teams training dates email](#)
- [Address reminder email](#)
- [LCPF valuation forum](#)
- Various **PACE planning emails**, including [Road map](#) and [training dates](#)
- **Pension Pulse** employer bulletin sent out in [July](#) and [September](#)



1.7 *Ongoing Website Development*

- [New PACE page created \(with timeline included\)](#)
- [New submitting employer information page](#)

2 *Planned Activity Q3 2022/2023*

2.1 *LCPF Employer Activities (October to December)*

- Monthly scheme essentials and retirement essentials are available for members and booking is available via LPPA website and shared with employers to circulate to employees. Employer training sessions will continue with a focus on monthly returns and navigating the UPM employer portal, sessions include:
 - UPM employer portal Training – sessions will be available for employers once the portal has been launched, to support with general navigation and submitting monthly return data file
 - Scheme Leavers Training- this session will cover what an employer needs to do when an employee is leaving the scheme, and how to provide the details to LPPA via the UPM employer portal
- Employer visits will be conducted with employers to support with the transition to UPM employer portal and the new monthly return specification, focusing on the larger employers and payroll providers.
- All employer visits (training sessions, support meetings) will continue to be delivered remotely in 22/23.

2.2 *LCPF planned employer communications (October - December)*

- Employer communications for Q3 will have a strong focus on the move to UPM. They will include regular update emails on the changes ahead with launch communications, videos and online resources.

2.3 *LCPF Member Activities (October - December)*

- Member communications for Q3 will focus on the launch of PensionPoint, with emails, videos and resources communicated on an ongoing basis.
- We will also be launching a dedicated Help Hub section on the website with easy-to-find FAQs and other collateral.

Lancashire Local Pension Board

Meeting to be held on Tuesday, 18 October 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

A report on training which members of the Board have received since the last meeting.

Recommendation

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

Detail

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

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

20th July 2022 Internal Workshop – Cyber Security

Participants - Mr G Peach, Ms K Haigh, Ms D Parker, and Mr K Ellard.

2nd September 2022 Internal Workshop – Lancashire County Pension Fund Accounts & Annual Report

Participants - Ms K Haigh and Ms Y Moul. Ms D Parker has watched the recording of the workshop in the library.

4th October 2022 – Internal workshop on the Taskforce on Climate-related Financial Disclosures/Responsible Investment Update.

Participants – Ms K Haigh and Ms D Parker

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

Without the required knowledge/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 sheets for internal pension relation workshops | 20 th July 2022 | M Neville 01772 533431 |
| | 2 nd September 2022 | |
| | 4 th October 2022 | |

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

Lancashire Local Pension Board

Meeting to be held on Tuesday, 18 October 2022

Electoral Division affected:
N/A;

Lancashire Local Pension Board Workplan - 22/23

Appendix 'A' refers

Contact for further information:

Junaid Laly, 01772 532767, Special Projects Pension Lead,
Junaid.Laly2@lancashire.gov.uk

Brief Summary

Update on the progress on activities undertaken by the Lancashire Local Pension Board so far in 2022/23.

Recommendation

Members of the Pension Board are asked to note the workplan at Appendix 'A' and the updates provided in this report.

Detail

Under its Terms of Reference, the Local Pension Board is required to produce a work plan each year. The workplan sets out agenda items and the order in which they will be considered by the Board during the year. This supports the Board in ensuring that all the activities are covered, and the workflow is aligned with activity of the Pension Fund Committee.

As it is now part way through the year, this report updates on progress to date on the workplan.

See below breakdown of actions taken by the Board in line with the Workplan:

Governance

- **Risk Register**

It is intended that the full Risk Register will be presented to the Board every 6 months and specific key risks for discussion each quarter. As the Board is aware, the Risk Register is a live document and is regularly reviewed in collaboration with the Fund Officers, Independent Investment Advisers, Local Pensions Partnership

Administration (LPPA) and Local Pensions Partnership Investments (LPPI). This allows the Board to be kept up to date on key risks and identify emerging and transitional risks. The Full Risk Register is presented to the Board every April and October each year.

During the year so far, specific risks have been considered in detail including Russia/Ukraine conflict risk, Inflation risk, Pension Scam risk, Member communications risk and pension systems implementation risk. The risk register is presented elsewhere on the agenda for this meeting.

- **Code of Practice Compliance**

The annual Code of Practice 14 compliance report is presented to the Local Pension Board in January. This year it is expected that the Fund will be transitioning to reporting on the Single Code of Practice compliance and an impact analysis has been done and was presented to the Board in July 2022.

- **Annual Review of the effectiveness of the LLPB**

The annual review will commence in January 2023. Arrangements will be made for each member of the Board to have a one-to-one meeting with the Chair around the Board meeting in January 2023 and Board members will be consulted on their availability in due course.

- **Communications Update**

An update on the communications activity of LPPA and the Fund is presented at each meeting of the Local Pension Board.

The Fund is continuing its objective of developing a Communications Strategy and an update on the progress of this is set out elsewhere on the agenda for this meeting.

- **Annual Report on the update of the Pensions Regulator Survey**

The Pensions Regulator has not undertaken a survey this year so there has not been a requirement to provide an update this financial year.

- **Risk Management Framework**

In April 2022 the Board reviewed the Risk Management Framework and was provided with an opportunity to comment on the revised version. The updated version was noted by the Pension Fund Committee at the June 2022 meeting.

- **Breaches Update**

The Board receives a regular update on the contributions, data, process, and code of practice breaches.

An initial review of the Breaches Policy has been undertaken and due to substantive updates required to the policy, this will be presented at the January 2023 meeting of the Local Pension Board.

Administration Performance

An update on administration performance is regularly provided as part of the Pension Fund Committee updates which also covers the Annual Report on Administration Performance. In addition to this an update was given at the July 2022 Board meeting on the Administration Based Service Review.

A further update was provided by the Operations Director of Local Pensions Partnership Administration Limited in relation to the implementation of Project PACE.

The Board has been involved in reviewing the risks associated with the concurrent implementation of PACE and Oracle Fusion.

Lancashire Pension Fund policies

As this year is the Valuation year the Board will also be given an opportunity to note the Actuarial Valuation documents along with the revised Funding Strategy Statement.

At a future meeting the Fund's Breaches Policy will be reviewed as well as relevant parts of the Employer & Administering Authority Discretions.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

The Pension Board is required under legislation to secure compliance and ensure the effective, efficient governance and administration of the Fund. The workplan ensures that its activities within this remit are undertaken at appropriate points in time during the year.

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

Lancashire Local Pensions Board - Work programme 2022/23

| 18-Jan-22 | 26-Apr-22 | 05-Jul-22 | 18-Oct-22 | 24-Jan-23 |
|-----------|-----------|-----------|-----------|-----------|
|-----------|-----------|-----------|-----------|-----------|

| Standing Items | | | | | |
|--|---|---|---|---|---|
| Welcome and Apologies, Declaration of Interests, Urgent business, Exclusion of press/public, Date of the next meeting of the LLPB. | Y | Y | Y | Y | Y |
| Minutes of the previous meeting of the LLPB | Y | Y | Y | Y | Y |
| Feedback from Board members on conferences/events and other training received | Y | Y | Y | Y | Y |
| Part I/II Reports considered by the recent Pension Fund Committee | Y | Y | Y | Y | Y |
| Regulatory changes update report | Y | Y | Y | Y | Y |

| Governance | | | | | |
|---|---|---|---|---|---|
| Quarterly risk register report | Y | Y | Y | Y | Y |
| Report update on progress of the current LLPB work plan | | | | Y | |
| LLPB Members Training Record | | Y | | | |
| Annual compliance report with the Pension Regulator's Code of Practice 14 | Y | | | | Y |
| Single Code of Practice Impact Assessment | | | Y | | Y |
| Update of Constitution, Membership and Terms of Reference of the LLPB | | | | | Y |
| Annual Review of the effectiveness of the LLPB - conclusions of the Chair and draft LLPB Annual Report for the previous year. | | Y | | | |
| Note Approval of the annual LLPB work plan for the following year by PFC | | Y | | | |
| Communications plan update report | Y | Y | Y | Y | Y |
| Annual report on the results of the pension regulator's survey | | | | Y | |
| Review the PFC report on UK Stewardship Code Compliance | | | Y | | |
| Annual report on Cyber Security | | | | | Y |
| Updated Risk Management Framework | | Y | | | |

| Administration Performance | | | | | |
|--|--|--|---|--|---|
| Summary report of appeals under the internal dispute resolution procedures | | | | | Y |
| Annual report on LPPA administration performance, data quality and data scores | | | Y | | |

| Pensions Administration Financial Monitoring | | | | | |
|--|---|---|---|---|---|
| Contributions monitoring and data breaches (quarterly reporting) | Y | Y | Y | Y | Y |
| LCPF budget and cost per member review (with particular regard to cost savings, productivity gain, risk reduction, service improvement and performance). | | | | | |

Laly, Junaid:
This is covered by the LPB when they consider Part 1 reports considered by the PFC at prior meeting.

| Lancashire Pension Fund Policies | | | | | |
|---|---|--|---|---|---|
| Actuarial Valuation | Y | | | | |
| Policy - Funding Strategy Statement | | | | | Y |
| Policy - Pension Administration Strategy Statement | | | | | |
| Policy - Admissions & Termination Statement | | | | | |
| Policy - Communications Policy Statement | | | Y | | |
| Policy - Employer & Administering Authority Discretions | | | | Y | |
| Policy - Governance Policy Statement | | | | | |
| Policy - Death Policy | Y | | | | |
| Policy - Breaches | | | Y | | |

Lancashire Local Pension Board – 2022/23 Annual Work Plan

The pension work plan sets out the order of matters the Pension Board will review in the financial year. The work plan has been arranged into two sections an annual work plan reflecting reports presented on a quarterly basis as well as a three year work plan to reflect the frequency of policies which are refreshed every three years. The order of presentation of the agenda is as reflected below.

| Lancashire Pension Fund Policies | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/2027 |
|---|---------|---------|---------|---------|-----------|
| Actuarial Valuation | Y | | | Y | |
| Policy - Funding Strategy Statement | Y | | | Y | |
| Policy - Pension Administration Strategy Statement | | | Y | | |
| Policy - Admissions & Termination Statement | | | Y | | |
| Policy - Communications Policy Statement | Y | | | Y | |
| Policy - Employer & Administering Authority Discretions | Y | | | Y | |
| Policy - Governance Policy Statement | | | Y | | |
| Policy - Breaches Policy | Y | | | Y | |

Lancashire Local Pension Board

Meeting to be held on Tuesday, 18 October 2022

| |
|---------------------------------------|
| Electoral Division affected: None; |
|---------------------------------------|

Part I reports presented to the recent Pension Fund Committee

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

Executive Summary

This report lists the Part I reports presented to the most recent meeting of the Pension Fund Committee. The Head of Fund will update members of the Board on decisions taken in respect of the reports at the meeting.

Recommendation

The Board is asked to comment in relation to the Part I reports that were considered by the Pension Fund Committee on 16th September 2022 and any decisions taken.

Background and Advice

On 16th September 2022 the Pension Fund Committee considered several reports in Part I of the agenda (available to the press and public) which included those listed below.

Members of the Board received notification when the agenda for the meeting was published and available to view on the [County Councils website](#) and a full copy of the agenda was also made available for Board members to view via the secure online Pensions Library.

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

- Minutes of the last meeting and approved Terms of Reference.
- LCPF Regulatory Update
- Budget Monitoring Q1 - 2022/23
- Audit Update
- **Lancashire County Pension Fund Annual Report 2021/22**
- Responsible Investment Report
- Feedback from members of the Committee on pension related training.
- Urgent Business
- Date of Next Meeting – 25th November 2022

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

There are no significant risk management implications associated with this report

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

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

Agenda Item 13

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

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Agenda Item 14

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

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Agenda Item 15

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Agenda Item 16

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