

Lancashire County Council

Lancashire Local Pension Board

**Minutes of the Meeting held on Monday, 23rd January, 2023 at 2.00 pm in
Committee Room 'C' - The Duke of Lancaster Room, County Hall, Preston**

Present:

Chair

William Bourne

Board Members

County Councillor Matthew Salter, Employer representative - LCC
Glyn Peach, Employee representative - LCC (wef 19th January 2022)
Tony Wilkinson, Employer Rep - Unitary, City, and Borough Councils and the Police/Fire
bodies
Kathryn Haigh, Scheme Member representative
Yvonne Moulton, Scheme Member representative
Deborah Parker, Scheme Member representative.
Kevin Ellard, Scheme Member representative
Gayna Hart, Scheme Members

Officers

Officers

Sean Greene, Head of Pension Fund, Lancashire County Council.
Junaid Laly, Special Projects Pensions Lead, Lancashire County Council.
Julie Price, Technical Pensions Lead, Lancashire County Council.
Catherine Hunt, Senior Governance Officer, Lancashire County Council.
Mike Neville, Senior Democratic Services Officer, Lancashire County Council.

Also in attendance:

Ms G Hart, Scheme Member representative w.e.f. 1st April 2023 (observer).
Jo Darbyshire, Managing Director, Local Pensions Partnership Administration – for
item 17 and item 18 (part).

Appointment of Temporary Chair

Mr Neville, Senior Democratic Services Officer, opened the meeting and informed
the Board that Mr Bourne had been delayed and had asked that, with the agreement
of the Board, Mr Ellard act as Chair until he arrived.

Resolved: That Mr Ellard is appointed as Chair until such time as Mr Bourne arrives at the meeting.

1. Welcome and Apologies

The Chair welcomed everyone to the meeting and noted that apologies had been received from Mr C Gibson.

It was reported that Mr T Wilkinson, the newly appointed Employer representative for Unitary, City, Borough Councils and Police/Fire had replaced Mr S Thompson and Ms G Hart, a newly appointed Scheme member representative (attending as an observer) would replace Ms K Haigh on 1st April 2023. On behalf of the Board the Chair thanked Ms Haigh for her contributions to the work of the Board over the years and wished her well for the future. The Board members and Officers present then introduced themselves to Mr Wilkinson and Ms Hart.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

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

Ms Moulton informed the Board that Blackpool Council was one of the large employers who were in the process of submitting monthly files to Local Pensions Partnership Administration Ltd through the new UPM system as reported at item 17 on the agenda.

3. Minutes of the Last Meeting.

The Head of Fund updated the Board on the following matters which had been discussed at the last meeting.

- Item 5 Regulatory update - the risks associated with Multi Academy Trusts and the Government guarantee were addressed in the Risk Register report at item 18 on the agenda.
- Item 6 Communications Update - a strategic plan of activity would be presented to the Pension Fund Committee on 10th March 2023 and the communication strategy would be discussed at the Board on 4th April 2023.
- Item 9 Part I reports to Committee - The County Council/LCPF accounts would be presented to the Audit, Risk and Governance Committee on 30th January 2022 for final approval. The delay in approval of the County Council accounts had not impacted the LCPF accounts disclosure deadline in December 2022 or publication of the LCPF Annual report and an update would be issued once the final accounts were approved.
- Item 14 (LCPF Risk Register) the risks associated with LPP/LPPA discussed at the last meeting were addressed in the report at item 18 on the agenda.



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

4. Regulatory Update

Ms Price, Technical Pensions Lead from the Pensions Team, presented a report on various pension related regulatory issues including McCloud, Pension Dashboard, and the Scheme Advisory Board Statement on employer contributions, and answered questions from Board members.

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

Mr Bourne arrived at this point in the meeting and took over as Chair from Mr Ellard.

5. Appeals Update

Ms Price, Technical Pensions Lead, presented a report on appeals received under the Internal Disputes Resolution Procedure and confirmed that the number/type of appeals were consistent with totals for previous years.

In response to a query from a Board member Officers confirmed that a breakdown of appeals from previous years would be included in future reports together with some commentary comparing the LCPF with other Local Government Pension Funds whilst taking account of differences in size and membership.

Resolved: That the report is noted, and future reports include a breakdown of appeals from previous years together with commentary comparing the LCPF with other Local Government Pension Funds.

6. Communications Update

Mr Laly, Special Projects Pensions Lead from the Pensions Team, updated the Board on communications activity by both the Local Pensions Partnership Administration Limited's (LPPA) Engagement and Communications Team and the Pension Fund Team.

He reported that currently 13.6% of the total LCPF membership had signed up to the new Pension Point portal which was ahead of target. The consultation on the draft Funding Strategy Statement had recently closed and Officers were considering all the feedback, including that received from Board members. A summary document of the LCPF Annual Report had been published on the Fund website and a link to the summary had been circulated to employers to share with employees.

Resolved: That the report and additional updates given at the meeting are noted.

7. Lancashire County Pension Fund Breaches Report



Mr Laly, Special Projects Pensions Lead, informed the Board that there had been a slight increase in contribution breaches in the last quarter following employers move to using the new UPM pension administration system. Data breaches had increased slightly, mainly due to incorrect address information in the system due to administrator/employer/members errors. Local Pensions Partnership Administration Ltd (LPPA) had held awareness sessions with staff to identify potential errors which may be reflected by an increase in breaches in future reports.

He also confirmed that future reports would include information on complaints received by LPPA in relation to delays, general service and regulatory matters which would provide a useful measure of the quality of service.

Resolved: That the summary of the Lancashire County Pension Fund Breaches Log for the period 1st October to 31st December 2022, as set out in the report presented, and updates given at the meeting, are noted.

8. Lancashire County Pension Fund Breaches Policy Review

Ms C Hunt, Senior Governance Officer from the Pensions Team, presented a report on the Fund Breaches Policy which had been redrafted to update/amend some of the content and simplify/improve presentation.

In considering the report Board members received clarification on the reporting of breaches both via the escalation process set out in the Policy or directly to the Pensions Regulator. Potential access to the full record of breaches and the need for training on breaches for both the Pension Fund Committee and the Board were also discussed.

Resolved:

1. That the revised Breaches Policy, as set out at Appendix 'D' to the report presented, is noted.
2. That in due course the Head of Fund review the Breaches Policy to ensure it is compliant with the requirements of the Single Code of Practice once it comes into operation
3. That an opportunity for training on breaches be included in the 2023/24 Training Plan for the Pension Fund Committee and the Pension Board.

9. Funding Strategy Statement Consultation

The Head of Fund reported that a consultation with scheme employers on the revised Funding Strategy Statement had recently concluded and the feedback would be considered when finalising the Statement before it was presented to the Pension Fund Committee in March 2023 for approval.

Regarding Universities/Further Education institutions it was reported that those employers represented an element of additional risk which would be reflected in their future contributions from 2023 onwards.



Resolved: That contents of the draft Funding Strategy Statement, as set out at Appendix 'A' to the report presented, are noted and that a final version of the Statement be presented to the Pension Fund Committee on 10th March 2023 for approval.

10. Annual Report on Cyber Security

Ms C Hunt, Senior Governance Officer from the Pensions Team, presented a report which updated the Board on activity in relation to cyber security associated with the Fund.

In considering the report Board members recognised that local government pension funds were increasingly being targeted by cyber criminals and noted the proposed actions to improve cyber resilience, as set out in the report, and protect the fund from the real financial implications of a cyber threat.

Resolved:

1. That the update report on actions associated with cyber security for the Lancashire County Pension Fund is noted.
2. That a workshop on cyber security be included in the 2023/24 Training Plan for the members of the Pension Fund Committee and Pension Board.
3. That further reports on cyber security/resilience be presented to the Board as appropriate.

11. Feedback from Board members on pension related training.

Mr Neville, Senior Democratic Services Officer, presented a report on the seven pension related training events which had taken place since the last meeting and confirmed that Mr G Peach, Ms K Haigh, Ms Y Moul, Ms D Parker, and Mr K Ellard had all participated in the internal workshop on 16th January 2023 on communications.

Individual Board Members gave feedback on their experiences at the events.

Resolved:

1. That the feedback given at the meeting in relation to the training received by members of the Board is noted.
2. That the Training Record for the Board be updated to include those Board members who participated in the workshop on 16th January 2023, as reported at the meeting.

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



The Board discussed a report on the items considered by the Pension Fund Committee on 25th November under Part I of the agenda and the Head of Fund confirmed that an unqualified position was expected in relation the Fund accounts when they were considered by the Audit, Risk and Governance Committee on 30th January 2023.

The Responsible Investment policy of the Fund was also discussed, and it was suggested that the current position on investment in controversial weapons be considered.

Resolved:

1. That the Part I reports considered by the Pension Fund Committee on 25th November 2023 and the subsequent decisions taken are noted.
2. That the Head of Fund arrange for a meeting to be held with Frances Deakin, the Head of Responsible Investment at LPPI, and County Councillor Salter to consider the current LCPF Responsible Investment Policy in relation to controversial weapons.

13. Urgent Business

No items of urgent business were raised at the meeting.

14. Programme of meetings 2023/24

Resolved: That the following programme of meetings is approved, with all meetings to be held at County Hall, Preston, starting at 2pm.

11th July 2023
17th October 2023
23rd January 2024
2nd April 2024

15. Date of Next Meeting

It was noted that the next scheduled meeting of the Board would be held at 2.00pm on 4th April 2023 in Committee Room 'B' - The Diamond Jubilee Room at County Hall, Preston and preceded by an induction event for new Board members in the morning.

16. 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 break while the livestream of the meeting was turned off.

17. 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 Head of Fund updated the Board on the successful migration of HR, finance, and procurement services to the new Oracle/Fusion system.

The Managing Director of Local Pensions Partnership Administration Ltd joined the meeting and updated the Board on activity since the new pension administration system (UPM) became operational in October 2022 as part of Project PACE including.

- Focussing attention on the clearing of any backlogs resulting from the transition.
- Continued training and development of LPPA staff
- The appointment of a Client Relationship Manager and introduction of a dedicated email box to improve lines of communication with clients.

It was noted that following implementation of UPM there had been delays regarding monthly reporting from some employers and that the situation was being closely monitored. The Board discussed the monthly return figures for October/November 2022 which the Fund Team received, and the Managing Director undertook to provide further commentary to Board members outside of the meeting.

Resolved: That the report presented and updates from the Managing Director of Local Pensions Partnership Administration Ltd on activity following implementation of Project PACE are noted.

18. Lancashire County Pension Fund Risk Register 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 Chair presented a report on the management of various risks associated with the Fund as set out in the Risk Register and asked the Managing Director of Local Pensions Partnership Administration Ltd (LPPA) to stay in the meeting while the Board discussed specific risks regarding the implementation of the Universal Pensions Management system (UPM) and the recruitment/retention of staff.



Once the Managing Director had left the meeting the Head of Fund updated the Board on risks associated with recruitment/retention of staff in the LCPF Pensions Team, and the broadening of the existing risk associated with the Russia/Ukraine conflict to reflect wider geopolitical risks.

The Board also noted that following implementation of the UPM there had been delays to monthly data reporting from several employers. The Fund was monitoring the submission rate and timelines of employer data returns and recognised that whilst the new system embedded there was an increased likelihood of risk associated with data quality.

Resolved: That the key risks in the Lancashire County Pension Fund Risk Register, as set out in the report presented, are noted.

19. 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 four items considered by the Pension Fund Committee on 25th November 2022 under Part II of the agenda and updated Board members on activity associated with the governance review of the Local Pensions Partnership.

Resolved: That the reports considered by the Pension Fund Committee on 25th November 2022 under Part II of the agenda are noted.

H MacAndrew
Director of Law and Governance

County Hall
Preston

