

**Lancashire County Council**

**Lancashire Local Pension Board**

**Tuesday, 23rd January, 2024 at 2.00 pm in Committee Room 'B' - The Diamond Jubilee Room, County Hall, Preston**

**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. Regulatory Update** (Pages 9 - 14)
- 5. Appeals Update** (Pages 15 - 18)
- 6. Communications update** (Pages 19 - 28)
- 7. Lancashire County Pension Fund Breaches Report** (Pages 29 - 34)
- 8. The Pensions Regulator - Public Service Pension Schemes: Governance and Administration Research 2022-23** (Pages 35 - 40)
- 9. Pension related training.** (Pages 41 - 42)
- 10. Part I reports presented to the most recent Pension Fund Committee** (Pages 43 - 44)
- 11. 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.

**12. Date of Next Meeting**

The next scheduled meeting of the Board will be held at 2.00pm on 2<sup>nd</sup> April 2024 in Committee Room 'B' The Diamond Jubilee Room at County Hall, Preston.

**13. 2024/25 programme of meetings**

(Pages 45 - 46)

**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. PWC Audit Update**

(Pages 47 - 62)

**16. Pension Administration Update**

(Pages 63 - 68)

**17. Lancashire County Pension Fund Risk Register.**

(Pages 69 - 88)

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

(Pages 89 - 90)

H MacAndrew  
Director of Law and Governance

County Hall  
Preston



**Lancashire County Council**

**Lancashire Local Pension Board**

**Minutes of the Meeting held on Tuesday, 17th October, 2023 at 2.00 pm in  
Committee Room 'B' - The Diamond Jubilee Room, County Hall, Preston**

**Present:**

**Chair**

Mr W Bourne

**Board Members**

County Councillor J Couperthwaite - Lancashire County Council.

Mr M Davies, Employer representative - Unitary, City, Borough Councils & Police/Fire.

Ms D Parker, Scheme Member representative.

Mr K Ellard, Scheme Member representative.

Ms G Hart, Scheme Member representative.

Mr A Egerton, Scheme Member representative.

**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.

Greg Smith, Director of Strategy, Change and Governance, Local Pensions Partnership,  
and Abbi Leech, Director of Finance, People and Culture and Jo Darbyshire, Managing  
Director, Local Pensions Partnership Administration (items 15 and 16 only).

**Also in attendance:**

County Councillor E Pope, Chair of the Pension Fund Committee (observer).

County Councillor A Schofield, Deputy Chair of the Pension Fund Committee (observer).

Ms F Miller – new independent Chair of the Pension Board w.e.f. 1<sup>st</sup> November 2023  
(observer).

**1. Welcome and Apologies**

The Chair welcomed everyone to the meeting and introduced Mr M Davies who had recently been appointed as a new Employer representative on the Board. It was also reported that apologies had been received from two other Employer representatives - Mr S Lawrence and Mr S Dunstan.

## 2. Disclosure of Pecuniary and Non-Pecuniary Interests

Ms F Miller, who would be the new independent Chair of the Board from 1<sup>st</sup> November 2023, reported that she was a deferred member of the Local Government Pension Scheme and an Executive Director of another pension pooling company.

## 3. Minutes of the Last Meeting.

Mr Neville confirmed that Full Council had approved the appointment of Mr Davies to the Board as an Employer representative (for a period of 4 years with a possible extension of 4 years, subject to Full Council approval) with effect from 13<sup>th</sup> October 2023. He also reported that the presentation to Board members on the General Code of Practice, referred to under item 7 in the Minutes, had been rearranged and would now be held at 10.00am on 12<sup>th</sup> December 2023 via MS Teams.

The Head of Fund reported that an update on management actions resulting from the PwC Audit report on LPPA would be presented to the Board on 23<sup>rd</sup> January 2024.

### Resolved:

1. That the Minutes of the meeting held on 11<sup>th</sup> July 2023 are confirmed as an accurate record and signed by the Chair.
2. That Board Members note the rearranged presentation on the General Code of Practice will be held at 10.00am on 12<sup>th</sup> December 2023 via MS Teams.

## 4. LCPF Breaches Report

Ms Hunt, Senior Governance Officer from the Pension Fund Team, presented a summary of Lancashire County Pension Fund contribution, data, and administration breaches for the period 1<sup>st</sup> June to 31<sup>st</sup> August 2023 together with details of the number of complaints registered during the same period. She also confirmed that there had been 5 administration breaches in June-August 2023 and not 4 as set out in the report.

**Resolved:** That the summary of the Lancashire County Pension Fund Breaches Log for the period, 1<sup>st</sup> June to 31<sup>st</sup> August 2023, as set out in the report presented, is noted.

## 5. Regulatory Update

Ms Price, Technical Pensions Lead from the Pensions Team, updated the Board on various pension related regulatory issues as set out in the report.



In considering the report Board members discussed implementation of the McCloud remedy, developments regarding the Pensions Dashboard, and the gender pensions gap which was to be considered by a working group established by the Scheme Advisory Board.

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

## 6. Communications Update

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

Regarding the LCPF Annual Report Mr Laly confirmed that a summary document would be produced in advance of 1<sup>st</sup> December 2023 publication deadline and that in future Annual Reports would be more streamlined in accordance with the CIPFA guidance referred to in the earlier Regulatory Update report. The Head of Fund added that future Annual Reports would be complimented by signposting to various policies and other documents via the Fund website.

The Board was informed that senior representatives of Employers in the Fund would be invited to attend a Strategic Fund Briefing on 11<sup>th</sup> December 2023 which would cover updates on Fund activity, the funding position and in relation to investments and administration.

Mr Laly also undertook to refer comments from a Board member regarding the contents of Appendix 'A' to the Head of Engagement, Marketing and Communications at LPPA for a response and confirmed he would also be invited to attend a future Board meeting to discuss communications.

**Resolved:** That the report and comments of Board members are noted.

## 7. Pension related training for members of the Board

Mr Neville, Senior Democratic Services Officer, presented a report on three internal pension related training events which had taken place since the last meeting and confirmed that Ms Hart had watched the recording of 3<sup>rd</sup> July 2023 workshop on cyber security in the online pension library for Board members.

Individual Board members gave feedback on the training events in which they had participated.

**Resolved:** That the participation of individual Board members in relation to the training set out in the report and reported at the meeting is noted and added to the Training Record for the Pension Board.



## **8. Lancashire Local Pension Board Workplan - 2023/24**

Mr Laly, Special Projects Pensions Lead, presented a report which updated the Board on various activities detailed in the 2023/24 workplan.

It was noted that Board members would receive a training questionnaire in due course which would help inform the development of the 2024/25 Training Plan.

**Resolved:** That the update on activities in the 2023/24 workplan, as set out in the report presented, is noted.

## **9. Cyber Security Project – Update.**

Mr Laly, Special Projects Pensions Lead, presented an update report on activity by the Pensions Team regarding the cyber security project, including ensuring that the Fund was compliant with the Cyber Controls module of the new General Code of Practice when it was implemented. In considering the report the Board discussed the next steps set out in the report which included the development of a cyber security policy, information sharing regarding cyber threats and securing specialist support to assist Fund Officers with the project.

**Resolved:** That the update on activity by the Pensions Team in relation to the Cyber Security Project, as set out in the report presented, is noted.

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

A report was presented on the items considered by the Pension Fund Committee on 15<sup>th</sup> September 2023 under Part I of the agenda and the Board made no comments in relation to any of the decisions taken including the approval of the Annual Report of the Lancashire County Pension Fund.

**Resolved:** That the Part I reports considered by the Pension Fund Committee on 15<sup>th</sup> September 2023 and decisions taken are noted.

## **11. Urgent Business**

No items of urgent business were raised at the meeting.

## **12. Date of Next Meeting**

It was noted that the next scheduled meeting of the Board would be held at 2.00pm on 23<sup>rd</sup> January 2024 in Committee Room 'B' - The Diamond Jubilee Room at County Hall, Preston.



### 13. 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.

### 14. General Code of Practice 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).

Ms Hunt, Senior Governance Officer, presented a report on an indicative Compliance Statement for the Fund which was based on the contents of the draft General Code of Practice. In considering the report the Board discussed various modules set out in the indicative Statement, including the role of the Chair of Pension Fund Committee, dispute resolution procedures, and assurance associated with governance and internal controls and recommended a minor amendment to the layout of the heatmap.

It was noted that in future the Board would receive progress reports on individual modules with an update being presented to the Pension Fund Committee once the final General Code of Practice was released.

**Resolved:** That the draft indicative Compliance Statement, heatmap and activity tracker, as set out respectively at Appendices 'A' 'B' and 'C' to the report presented, are noted and that the Board be kept informed of further developments.

### 15. Pensions 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).

Ahead of the LPPA representatives joining the meeting, the Board discussed concerns over performance issues of LPPA and increased complaints about LPPA service provision from scheme members and employers. An update was provided by the officers on complaints and retirement experience since the last meeting of the Board, noting that improved performance was needed. The Director of Strategy,



Change and Governance, the Director of Finance, People and Culture and the Managing Director of LPPA then joined the meeting to discuss the reports at items 15 and 16 on the agenda.

The Director of Finance, People and Culture, and the Managing Director of Local Pensions Partnership Administration Ltd (LPPA) presented an update report regarding existing performance measures for the pension administration service for review by the Board in advance of a report to the Pension Fund Committee.

- The Board discussed recruitment, training, and retention of staff at LPPA and noted that there was a competitive market for experienced pensions administration staff and LPPA had implemented measures to recruit/retain and develop staff.
- It was reported that LPPA would continue to increase automation within the pensions administration system to free up staff who could then be deployed for other activity.
- Customer satisfaction/complaints were discussed, and it was suggested that the Board be provided with more detail regarding the customer satisfaction survey process and results.
- The Board noted that end to end performance measuring would provide an improved understanding of the scheme member experience.
- It was suggested that Scheme Members should be encouraged to register for the online Pensions Point system using personal email addresses so that they could access pensions information prior to retirement and continue to receive updates after leaving employment.
- The Board noted that further engagement with the provider was required to improve the processing of Additional Voluntary Contributions and so contribute to reducing the impact on elapsed times.
- The Head of Fund asked for regular, additional reporting from LPPA around areas such as complaints and retirements to better understand the current performance issues with LPPA and future progress/improvement.
- The work to date on Oracle Fusion and improvements to accessibility of pay information for LPPA was noted.
- The review of the current casework Service Level Agreement metric was discussed, and the Board agreed the proposed series of principles for future monitoring as set out in the report presented.

**Resolved:**





1. That the Head of Fund and the Managing Director of Local Pensions Partnership Administration Ltd (LPPA) collaborate to identify how best to get employers more engaged in administration processes, specifically the submission of monthly data.
2. That the Managing Director of LPPA be asked to provide the Head of Fund with a map of customer experience measurement points within the scheme member journey, including call centre interaction/touch points.
3. That the Head of Fund, in consultation with the Chair of the Pension Board and Ms Miller (the new Chair w.e.f. 1<sup>st</sup> November 2023) agree the scope and content on any reporting related to administration performance and SLAs that will be sent to the Pension Fund Committee.
4. That the Head of Fund, and the Technical Pensions Lead be requested to update the Service Level Agreement principles as set out in the report presented and discuss them further with the Managing Director of LPPA (and relevant LPPA representatives).

#### **16. LPPA Efficiency and Service Improvement Plan (ESIP) 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 Director of Strategy, Change and Governance from the Local Pensions Partnership gave a presentation on the Efficiency and Service Improvement Plan (ESIP) which was intended to maximise the effectiveness of the newly implemented pensions administration system and achieve wider operational efficiencies in line with the LPPA budget. The Board commented that more specific information on ESIP be provided in future including any relevant metrics.

**Resolved:** That the report is noted, and the Board receive regular updates on the ESIP programme in the future.

#### **17. LCPF 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).

The Chair presented a report on the management of various identified risks associated with the Fund as set out in the Risk Register and Board members commented on specific risks. The Head of Fund confirmed that any impact on investments due to the current Israeli/Palestinian conflict would be assessed under the existing geopolitical risk and considered by the Investment Panel.



**Resolved:** That the updates on risks associated with the Fund, as set out in the report presented 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 two items considered by the Pension Fund Committee on 15<sup>th</sup> September 2023 under Part II of the agenda.

**Resolved:** That the Part II reports considered by the Pension Fund Committee on 15<sup>th</sup> September 2023 referred to in the report are noted.

H MacAndrew  
Director of Law and Governance

County Hall  
Preston



**Lancashire Local Pension Board**

Meeting to be held on Tuesday, 23 January 2024

Electoral Division affected:  
(All Divisions);

**Regulatory Update**

Contact for further information:

Julie Price, 01772 530848 , Funding and Employer Risk Lead,  
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. McCloud**

As reported at the last meeting the Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023 were published on 8<sup>th</sup> September 2023 and came into force on 1<sup>st</sup> October 2023.

Background to the McCloud remedy and its implications is provided in more detail in the April 2023 and July 2023 regulatory updates to the Board.

There is now a dedicated area of the [LGPS member website](#) dedicated to the McCloud remedy. In addition, the Local Government Association (LGA) has published stage one of its [McCloud administrator guide](#), covering which members qualify for underpin protection, as well as how administrators perform provisional and final underpin calculations. Further stages will cover other types of calculations, including transfers and how to revisit past calculations, and are expected to be published in early 2024.

The Local Government Association (LGA) held webinars for scheme administrators during December in which they gave an overview of the history and a summary of the changes, described the two-stage remedy process (provisional and final underpin calculations), and addressed some of the queries raised by LGPS

Administering Authorities. Under the new regulations the provisional calculation is undertaken when a member leaves or reaches normal retirement age if earlier. The final calculation is undertaken generally when the member retires – it is based on the provisional figures but then adjusts the benefits for pensions increase, and any actuarial increases or decreases due to early or late payment. LGA affirmed that the amendment regulations are the biggest changes since the scheme reform in 2014/15, and that there are still areas which await further amendment regulations such as for teachers' excess service. Further guidance from the Government Actuary's Department (GAD) and other statutory guidance is still awaited. Certain transfers for members with underpin protection are on hold until the actuarial guidance for transfers is updated. At the time of writing this report, there are 5 transfers in quotes and 10 transfer out quotes on hold, awaiting the GAD guidance.

LPPA have a McCloud Project, the focus of which is on implementing systems functionality, and supporting some Local Government Employers who have not confirmed the accuracy of historic hours and service break data. Some of the required system functionality is currently in the UPM test environment and testing is expected to be completed by 12 January 2024. It is expected by the end of January that system functionality will be live to identify all members who are eligible for the underpin, and that "provisional" calculations and "final" retirement calculations can be performed including the underpin for those under age 65.

It is acknowledged that LPPA are like most fund administrators in that they are not currently able to apply the underpin calculations to newly eligible members and will revisit cases when the system functionality is in place.

The accuracy of the new McCloud calculations does also depend on data being correct, and LPPA are separately working with the fund to ensure that employers confirm that member hours and service break data submitted since 1<sup>st</sup> April 2014 is complete and correct.

Where employers have not confirmed that data is correct, a calculation can still be run for the member based on the career average data. The underpin calculation can only be undertaken once the data has been verified. If a member has left once the data is verified a bulk recalculation can be performed for all members of that employer to ascertain if an underpin should have been applied to the benefits.

## **2. McCloud – Disclosure Regulations**

Under The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 there is a requirement to notify members and their representatives when there is a change that materially affects the scheme. This information should be given within 3 months of the effective date of the change. It can be given by making it available on a website, but a notification should be sent by email to individual members where possible to state that the information has been made available on the website.

LPPA have published comprehensive information on their [website](#) however given that it is generally acknowledged that a small proportion of members will be affected by the changes (that is the estimate of the proportion of members who are newly eligible for the underpin whose final salary benefits would exceed the career average

calculation), it has been decided that a communication would not be beneficial and would cause unnecessary disruption to member services.

### **3. Pensions Dashboards**

As stated in the regulatory update to the Board in October, there is now a single connection deadline for all schemes of 31 October 2026, and guidance is to be issued on a staged connection guideline for all schemes, The Pensions Dashboards Programme (PDP) has now shared proposed staging dates, and the connection date is expected to be September 2025 for the LGPS. This is to be confirmed in staging guidance due to be published by the Money and Pensions Service in Spring 2024.

On 6<sup>th</sup> November 2023, the LGA published draft LGPS Dashboard connection guidance which provides information to support administrators in implementing dashboards. A final version of the guidance will be published when the Money and Pensions Service have issued their formal staging timetable.

The Pensions Administrations Standards Association (PASA) has published [Pensions Dashboards Connection Ready Guidance](#) and a [‘Call to Action’](#).

LPPA have a Pensions Dashboard Project which will cover systems development and data cleansing work, there are no current concerns about the proposed deadline.

### **4. Abolition of LTA**

In the Autumn Statement the Treasury announced that they will fully abolish the Lifetime Allowance from 6 April 2024; and put in place new rules to determine the tax treatment of pension lump sums. The Lifetime Allowance is the total amount a member can build up in all their pension savings without incurring a tax charge This will be legislated for in the Finance Bill 2023-24.

HMRC have produced a Lifetime Allowance guidance newsletter, which covers the changes to certain lump sums, the impact on lifetime allowance protections, changes to reporting and disclosure, and the transitional arrangements.

LGA are currently working to provide LGPS specific guidance.

### **5. SCAPE Discount Rate Change**

Following the change to the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate in March 2023, the Government Actuary's Department have now issued the fourth and final batch of new factors which affects calculations of Additional Pension. Members have the option to pay Additional Pension Contributions to increase their pension benefits at retirement. For members who are currently paying into a regular Additional Pension contract, LPPA will need to recalculate their contributions using the new factors from 1 April 2024. LPPA will communicate with both the members and their employers to implement the changes. It is expected that contributions will need to increase.

The Public Sector Transfer Club factors were also issued and came into effect on 1 October 2023.

## 6. Publication of LGPS statistics for England and Wales for 2022/23

On 25<sup>th</sup> October 2023, the Department of Levelling Up, Housing and Communities (DLUHC) published its compilation of the data provided by 87 LGPS Administering Authorities in England and Wales on the SF3 (Pensions) form for 2022/23. The SF3 form collects data on income, expenditure, membership, and retirements.

The key findings were –

- Total Local Government Pension Scheme (LGPS) expenditure in England and Wales in 2022-23 was £15.2 billion.
- Total LGPS income in England and Wales in 2022-23 was £17.3 billion.
- Employers' Contributions to the LGPS in 2022-23 in England and Wales amounted to £8.4 billion. Employees' contributions to the scheme were £2.8 billion.
- The market value of LGPS funds at end of March 2023 was £359.1 billion.
- There were 93,580 retirements from the LGPS in 2022-3.

The full report can be accessed at the following link:

[Local government pension scheme funds for England and Wales: 2022 to 2023 revised - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118111/local-government-pension-scheme-funds-for-england-and-wales-2022-to-2023-revised.pdf)

## 7. Surpluses working group.

The Scheme Advisory Board (SAB) have established a "Surpluses Working Group" to look at the issues presented by the improving funding positions across the Scheme. Funding levels across the scheme increased at the 2022 valuation and the Lancashire County Pension Fund moved to being 115% funded. SAB has now issued a [Statement on Surpluses](#) which was drafted with input from the members of the group

The issues presented by surpluses might include large exit payments becoming payable to exiting employers, and an increased appetite from some employers and their advisers to try to influence funds' investment and funding strategies to de-risk funding positions. Some employers have also looked to exit the fund for deferred and pensioner members whilst remaining a participating employer for active members.

SAB have reiterated the importance of stability in employer contribution rates to help employers with financial planning. They have also stated that tailoring of strategies by the fund requires additional resource and governance, and that Funds should consider how these costs will be met as well how they fit with the Fund's overall risk management approach. Regarding partial terminations in particular, legal advice would also be required.

SAB are working with the Chartered Institute of Public Finance and Accountancy (CIPFA) to refresh the existing (2016) funding strategy statement guidance and have

already identified that more guidance is needed around risk management and exit credit policy.

The Fund has been discussing the issues raised in this statement with the Fund Actuary as part of the 2022 valuation as it did receive a number of queries from an extremely small number of employers following the 2022 valuation, both as part of the Funding Strategy Statement consultation, and will continue to communicate with employers around these topics.

## 8. Investments

### **Economic Activity of Public Bodies (Overseas Matters) Bill**

The Economic Activity of Public Bodies (Overseas Matters) Bill, also known as the Boycotts, Divestments and Sanctions Bill has its third reading in the House of Commons scheduled on 10 January 2024. The Bill seeks to ban LGPS administering authorities from making investment decisions influenced by political and moral disapproval of foreign state conduct, except where this is required by formal Government legal sanctions, embargoes, and restrictions.

### **Mansion House Speech/Investment pooling**

As reported in the regulatory update to the last meeting of the Board, a consultation on "the next steps on investments" was launched by DLUHC on 11 July 2023. The consultation closed on 2 October 2023, and DLUHC published their [response](#) on 22 November 2023.

The consultation largely adopts the measures the government originally consulted on. DLUHC have stated that the government will now implement the proposals that were set out in the consultation to accelerate and expand pooling and increase investment in levelling up and in private equity. They will:

- set out in revised investment strategy statement guidance that funds should transfer all assets to their pool by 31 March 2025, and set out in their ISS assets which are pooled, under pool management and not pooled and the rationale, value for money and date for review if not pooled. *As reported in the regulatory update to the Board in October, the Fund is already 100% transitioned.*
- revise pooling guidance to set out a preferred model of pooling including delegation of manager selection and strategy implementation
- implement a requirement in guidance for administering authorities to set a training policy for pensions committee members and to report against the policy
- revise guidance on annual reports to include a standard asset allocation, proportion of assets pooled, a comparison between actual and strategic asset allocation, net savings from pooling and net returns for each asset class against their chosen benchmark

- make changes to LGPS official statistics to include a standard asset allocation and the proportion of assets pooled and the net savings of pooling
- amend regulations to require funds to set a plan to invest up to 5% of assets in levelling up the UK, and to report annually on progress against the plan *The Fund already has significant investment in local property and UK infrastructure which we expect to exceed government targets*
- revise ISS guidance to require funds to consider investments to meet the government's ambition of a 10% allocation to private equity. *The Fund currently invests over 8% of assets under management in private equity.*

SAB are continuing to read and absorb the response, and an update to the Board's website will follow soon. This matter is being considered by the Fund as part of shareholder and investment workstreams.

### **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**

Paper	Date	Contact/Tel
N/A		

Reason for inclusion in Part II, if appropriate

N/A



**Lancashire Local Pension Board**

Meeting to be held on Tuesday, 23 January 2024

Electoral Division affected:  
(All Divisions);

**Appeals Update**

Contact for further information:

Julie Price, 01772 530848, Funding and Employer Risk Lead,  
Julie.Price5@lancashire.gov.uk

**Brief Summary**

This report provides an update and broad analysis of appeals received under the Internal Disputes Resolution Procedure for the period 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023.

**Recommendation**

The Board is asked to consider and note the contents of the report.

**Detail**

The Local Government Pension Scheme regulations set out a formal procedure to resolve disagreements. This is called the Internal Dispute Resolution Procedure and is often referred to as the 'appeals process'. Specifically, the rules for the appeal process are set out in the Local Government Pension Scheme Regulations 2013 within regulations 72 to 79. In addition, information is provided in Code of Practice 14 on internal dispute resolution.

The Procedure has 2 stages. Stage 1 is dealt with by the body who made the initial decision (or omission of a decision) that is in dispute. This will normally either be the scheme employer if an employer decision or omission has led to the dispute, or Local Pensions Partnership Administration Ltd (LPPA) if an administering authority decision, calculation or omission has led to the dispute.

If the disagreement is not resolved at Stage 1, the individual can refer it to the Appeals Officer for a decision at Stage 2. The nominated Appeals Officer for reviewing Stage 2 appeals is Catherine Hunt, Technical and Administration Pensions Lead for the Lancashire County Pension Fund.

## **Overview of stage 1**

The right to make a Stage 1 complaint is time limited. Generally, the applicant has 6 months from the date of notification of the decision under dispute. The employer (or LPPA on behalf of the administering authority) will nominate a person to determine Stage 1 complaints known as the adjudicator. The adjudicator should provide their written decision within 2 months (although if there are specific reasons to do so they could send a letter extending and revising this deadline).

## **Overview of stage 2**

The applicant can ask the Pension Fund to take a fresh look at their complaint if they are not satisfied with the adjudicator's Stage 1 decision, or the applicant has not received the Stage 1 decision letter within certain deadlines.

The decision at Stage 2 must be given within 2 months (although again if there are specific reasons to do so a letter can be sent extending and revising this deadline). If the applicant is still unhappy following the Stage 2 decision, they can take their case to The Pensions Ombudsman for a formal determination provided they do so within 3 years of the event that gave rise to the initial complaint.

## **Analysis of appeals – 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023**

In general, most appeal cases continue to be those linked to ill health, whether this is a dispute with the level awarded to the scheme member or where ill health retirement has been determined by the employer not to be appropriate for the scheme member. Ill-health pensions within the Local Government Pension Scheme are tiered and the amount payable to a member varies according to certain qualifying conditions.

Over the last 3 years the numbers of Stage 1 appeals have been 15 cases in 2021, 23 cases in 2022, and 18 cases in 2023.

Only 2 cases at Stage 1 were upheld during the report period.

Over the last 3 years the numbers of Stage 2 appeals received have been 9 cases in 2021, 9 cases in 2022 and 7 cases in 2023.

3 cases at Stage 2 were upheld – one was a case where there was an error made in determining whether a reduction in hours was due to the ill health condition, one was that the independent medical practitioner did not have sight of all the relevant information before making a recommendation, and one was that the employer should have questioned the IRMP rationale where there was a divergence of medical opinion. Where appeals have been upheld, the Fund has notified the relevant employers of what would have been expected of them and the reasons behind that.

A full breakdown of the case types and outcomes are set out below:

## Stage 1 cases

Type of Case	Total	Breakdown
Received	18	11 - Ill-health 2 - Transfer Out 1 - Transfer in 1 - Death 1 - Trivial commutation 1 - Scheme Pays 1 - Pensionable Pay
Upheld	2	1 - Ill Health 1 - Scheme Pays
Dismissed	12	12 - Ill-health
Outstanding	4	1 - Transfer in 1 - Transfer out 1 - Pensionable pay 1 – Trivial commutation

## Stage 2 cases

Type of Case	Total	Breakdown
Carried forward from previous period.	3	3 - ill health
Received	7	5 - Ill health 1 - Transfer out incorrect quote 1 - Additional Service Purchased
Upheld	3	3 - Ill health
Dismissed	4	2 - Ill health 1 - Transfer out incorrect quote 1 - Additional Service Purchased
Outstanding	3	3 - Ill health (deadline dates in January/February 2024)

## Ombudsman Cases

There have been 6 Ombudsman cases in 2023 and 2 cases in 2022.

One was in respect of an incorrect retirement quotation, one related to possibly incorrect membership data, one was in respect of a rejected ill health retirement claim and three were in respect of delays.

## Consultations

LPPA

## 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
Code of Practice No.14 Governance and administration of public service pension schemes	April 2015	Julie Price - 01772 530848

Reason for inclusion in Part II, if appropriate

N/A

**Lancashire Local Pension Board**  
Meeting to be held on Tuesday, 23 January 2024

Electoral Division affected:  
N/A;

**Communications update**

Appendix 'A' refers.

Contact for further information:  
James Almond, Senior Governance Officer,  
james.almond2@lancashire.gov.uk, 01772 539699

**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 consider and comment on this report.

**Detail**

**LPPA Update**

LPPA provides communication and engagement services to all scheme members and employers of the Lancashire County Pension Fund (LCPF). The update from LPPA set out at Appendix 'A' provides information on the Engagement Activities for Quarter 3 (October to December 2023) and the executive summary by Chris Dawson, Head of Engagement at LPPA, sets out some key highlights for the quarter.

In Q3, LPPA continued to deliver sessions for employers and members as expected including the delivery of the LPPA Employer Forum.

Other key highlights include the management of the monthly return submissions from employers and further development of the LPPA and PensionPoint websites.

Specific details relating to LPPA activity can be found in Appendix 'A'.

## Pension Fund Team Update

- LCPF Annual Report

The Lancashire County Pension Fund Annual Report for 2022/23 was published ahead of the statutory deadline of 1<sup>st</sup> December 2023 on the Fund's website. The Annual Report is still awaiting audit sign off however this is related to an ongoing audit matter which affects most Local Authorities. The Annual Report has also been published on the Scheme Advisory Board's website. Fund employers have been informed via email that the annual report has been published on the Fund's website for their information and to share widely with their employees.

An Annual Report Highlights document has also been produced which summarises the key activities of Fund for 2022-23.

- Strategic Briefing (formally the 'Directors Briefing')

The Fund delivered a Strategic Briefing on 11<sup>th</sup> December 2023 for Fund employers. A total number of 30 employer representatives attended, 17 of which attended online via MS Teams.

The following updates were provided as part of the briefing:

- Fund update which provided an overview of key developments and activities for the forthcoming year- **Sean Greene, Head of the Fund**
- Funding position which provided an update on the 2022 valuation and subsequent developments – **Mark Wilson, Fund Actuary (Mercer)**
- Administration which included details of future improvement plans - **Abigail Leech, Director of Finance, People & Culture (LPPA)**
- Investments which gave a broad overview of the investment outlook and fund performance - **Chris Rule, Chief Executive Officer (LPPI)**

Positive feedback was received from attendees and in person attendees appreciated the opportunity to network with their peers from other employers.

### 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
N/A	N/A	N/A
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**

27 December 2023

### **Section 1**

Engagement and Communication Activities 2023/24 Q3

### **Section 2**

Planned Activity Q4

This report provides an overview of activities undertaken by the LPPA Engagement, Marketing & Communications Team in the period Q3 2023/24, and activities the team will be undertaking in the next 3 months.

## **Executive Summary**

In Q3, in addition to ongoing employer training, there has been a focus on several key activities including:

- Monthly return submissions (reminders of employer responsibilities, deadlines, how to submit etc)
- LPPA and PensionPoint website developments (including new functionality)
- Delivery of an LPPA Employer Forum (including a focus on the retirement process, regulatory updates and communication activities)

For Q4, the focus will be on supporting employers to ensure that monthly data submissions are up-to-date, ready for year-end processing of ABS documents for LCPF members

All engagement and communication objectives were successfully delivered during the period, and plans are on track for Q4 (further detail is provided in the report).

Chris Dawson (Head of Engagement, Marketing & Communications, LPPA), 18 December 2023

# 1 Engagement and Communication Activities 2023/24 Q3

## 1.1 Engagement Activity – Employer and Member Training

Date	Activity	Employer Name	Attendee Number
03/10/2023	LCC Facilities event	Lancashire County Council	50
04/10/2023	Submitting Monthly Returns	LCPF Employers	10
05/10/2023	Pre-retirement – True Bearing	Blackburn Council	15
09/10/2023	Pre-retirement – True Bearing	Lancashire County Council	20
10/10/2023	Pre-retirement – True Bearing	UCLAN	17
11/10/2023	Pre-retirement – True Bearing	Ribble Valley Council	12
10/10/2023	Employer Responsibilities	LCPF Employers	4
12/10/2023	LCC Facilities event	Lancashire County Council	50
17/10/2023	UPM Employer Portal	LCPF Employers	12
18/10/2023	Scheme Leavers – UPM Employer Portal	LCPF Employers	14
23/10/2023	Making sense of retirement	LCPF Members	2
24/10/2023	Making sense of your pension	LCPF Members	4
02/11/2023	Absence and Ill Health	LCPF Employers	13
06/11/2023	Pre-retirement – True Bearing	Lancashire County Council	22
09/11/2023	Pre-retirement – True Bearing	Lancashire Constabulary	7
07/11/2023	Submitting Monthly Returns	LCPF Employers	7
13/11/2023	Employer Responsibilities	LCPF Employers	4
14/11/2023	Making sense of retirement	LCPF Members	3
16/11/2023	Making sense of your pension	LCPF Members	2
21/11/2023	Pre-retirement – True Bearing	Lancashire Fire and Rescue (LGPS)	6
21/11/2023	LGPS Scheme Essentials	LCPF Employers	15
23/11/2023	LPPA Employer Forum	LCPF Employers	42
30/11/2023	Scheme Leavers – UPM Employer Portal	LCPF Employers	16
04/12/2023	Pre-retirement – True Bearing	Lancashire County Council	16
04/12/2023	Submitting Monthly Returns	LCPF Employers	4

05/12/2023	Making sense of your pension	LCPF Members	4
07/12/2023	Making sense of retirement	LCPF Members	4
12/12/2023	Employer Responsibilities	LCPF Employers	2

#### 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.

### 1.2 Engagement Activity – Employer visits and support

In addition to the employer and member training sessions delivered, there have been virtual employer visits and support sessions held.

Date	Session	Employer Name
07/11/2023	Virtual Employer Visit	Lancaster University
07/11/2023	Virtual Employer Visit	Blackpool & The Fylde College
14/11/2023	Virtual Employer Visit	University of Central Lancashire
28/11/2023	Virtual Employer Visit	Preston City Council
12/12/2023	Virtual Employer Visit	Lancaster City Council
12/12/2023	Virtual Employer Visit	Myerscough College

### 1.3 Engagement Team Update

The focus for the Engagement Team has been to arrange virtual visits with larger employers, and these will continue over the coming months. Training sessions have been ongoing and LPPA also arranged an Employer Forum (previously called Practitioner Conference) which was well attended.

All member and employer training sessions continue to be bookable via the LPPA website on designated training pages.

### 1.4 PensionPoint update (12 December)

- Active members 22,049
  - Deferred members 13,351
  - Retired members and beneficiaries – 20,366
  - **Total – 55,766**
- This represents around 30% of the total LCPF membership base, which is ahead of the 20% 12-month target (set at UPM launch).
  - The PensionPoint dashboard has been updated to make the new functionality (re **service history, transfer history and CARE history**) more prominent.

### 1.5 Communications Update (Employer and Member)

- Monthly returns email [reminders](#) have continued to be issued to LCPF employers including a top tips email, linking to the monthly returns page of the LPPA website.

- A series of emails were produced to promote the Employer Forum, which took place in November - including [save the date](#), [book now](#) and [follow up](#) emails
- A series of communications were put together to promote Get Online Week – including an [employer email](#) and a number of LinkedIn posts
- A [Pension Pulse](#) employer bulletin was produced in December with videos of the Employer Forum and a number of promotional updates including the [employer toolkit](#), upcoming training and the latest member website updates.
- A series of emails promoting the Director's [strategic briefing](#) were sent to LCPF members.

## 1.6 LPPA website development

Several pages were updated on the LPPA website in Q3, including:

- [Forms and documents page](#) – all forms, guides and fact sheets together in one place.
- [Guaranteed minimum pension page](#) – in a simple easy to understand format.
- [Trivial commutation page](#) – to increase understanding for members.
- [Member contact form](#) – now signposts members to key areas of website to offer additional support.
- [Employer toolkit page](#) – new simple format.
- [Remedy \(Mcloud\) page update](#) – to include LG disclosure wording and links to LGA site.

The most visited pages on the LPPA website for Q3 were:

1. [Home page](#)
2. [Member contact page](#)
3. [Member landing page](#)
4. [Employer login page](#)
5. [PensionPoint resource page](#)
6. [LGPS scheme page](#)
7. [Member Help Hub](#)
8. [Forms and documents page](#)
9. [ABS page](#)
10. [Pension increases and CARE revaluation](#)

The most visited pages on [PensionPoint](#) Q3 were:

- Login page
- Dashboard
- My Documents
- PensionPoint calculators
- Registration page

## 1.7 Member Sessions

All member sessions are bookable via the 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.

## **2 Planned Activity Q4 2023/2024**

- Communications activity will continue to encourage LCPF members to register for **PensionPoint** (promoting the benefits of online access to their pension).
- **Employer training sessions** will continue throughout Q4 with sessions on:
  1. UPM employer portal
  2. Monthly Returns
  3. Employer responsibilities
  4. Scheme essentials
  5. Absence and ill health
- **LPPA website developments** – as well as making ongoing improvements to the functionality, user experience and search functions of the website, we are reviewing several specific sections for members and employers. Updates to the member retirement pages (including ill health retirement) is being planned for Q4
- A new 'Planning your retirement newsletter' is being created in Q4. This will be hosted on the LPPA website and promoted by email to active and deferred members over the age of 55.
- Updates will be communicated to any LCPF members affected by the age discrimination remedy (McCloud)
- A review of the member letters is due to take place, starting in Q4 with a review of the member retirement letters.



**Lancashire Local Pension Board**

Meeting to be held on Tuesday, 23 January 2024

Electoral Division affected:  
N/A;

**Lancashire County Pension Fund Breaches and Complaints Report**

Contact for further information:

James Almond, 01772 539699, Senior Governance Officer,  
james.almond2@lancashire.gov.uk

**Brief Summary**

This report provides the Board with a summary of the Lancashire County Pension Fund (LCPF) Breaches Log for the period 1<sup>st</sup> September 2023 to 30<sup>th</sup> November 2023 and outlines the number of complaints that have been registered during the same period for the purposes of monitoring the quality of member experience.

**Recommendation**

The Board is asked to consider and comment on 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 of the law to the Pension Regulator or Information Commissioner as appropriate. In line with the breaches policy, a log of all breaches is maintained by the Fund. This includes data breaches and breaches which contravene the legal requirements set out in the Pension Regulator's Code of Practice 14 which covers areas such as:

- Governing your scheme
- Managing Risks.
- Resolving issue
- Administration issues including aspects such as:
  - Scheme record keeping.
  - Maintaining contributions.
  - Providing information to members.

To ensure that the most recent and complete data is reported to the Board, this report includes details of breaches and complaints for the period 1st September 2023 to 30<sup>th</sup> November 2023.

## Data Breaches

For the period 1st September 2023 to 30<sup>th</sup> November 2023 there were a total of 7 data breaches reported as follows:

A	Incorrect house number used, resulting in divorce paperwork being sent to the wrong address.
B	Personal data for a total of 20 Lancashire members was incorrectly shared with the auditors of another client.
C	Complaint response issued via email to incorrect email address. No NI number or personal data contained within the email.
D	A Lancashire member's NI number was assigned to another member within a different Fund in error. Retirement options then issued to the member quoting the incorrect NI number.
E	Letter sent to a member's old address and opened by the resident who confirmed they would shred the documentation. Member has not informed the pension service administrator of their new address.
F	Retirement options issued to incorrect email address due to typo in email address.
G	Letter sent to a scheme member's old address and opened by the resident who confirmed they would shred the documentation. Scheme member has not informed the pension service administrator of their new address.

All data breaches are managed through the Information Governance Team of Lancashire County Council who are happy with the remedial action taken in each case and have deemed the breaches aren't significant enough to warrant reporting to the Information Commissioner.

The Fund also considers these data breaches are not materially significant and will not be reported to the Pension Regulator.

## The Pension Regulator Code of Practice Breaches

This type of breach can occur for a variety of tasks normally associated with the administrative function of the scheme including, but not limited to, contribution breaches, scheme record keeping and provision of information to members.

### Contribution Breaches:

A breach occurs when an incorrect amount is collected on four or more occasions, or any payment is late. An incident occurs when an incorrect amount is collected, or no remittance is provided on up to three occasions (i.e. employers fail to submit contribution figures).

Out of 981 collections, there were 67 incidents recorded in the period where employers failed to submit contribution figures, and which have resulted in corrective action being taken. The number of incidents where employers failed to submit contribution figures represents 6.83% of the total submissions, in monetary value this equates to 1.73% of the total contributions received during the period. Previous month's figures have been collected and usually results in only a small variance in



what the Pension Fund should have collected. Relevant employers have all been contacted in accordance with the Stage 2 escalation procedures, which ensure that all incidents are corrected swiftly.

In the period 1<sup>st</sup> September 2023 to 30<sup>th</sup> November 2023 there were 2 breaches which occurred due to a failed direct debit arising from incorrect bank details. New details have been obtained and contributions have been collected. A summary table showing incidents and breaches is below.

	<b>Dec 2022 – Feb 2023</b>	<b>Mar 2023 – May 2023</b>	<b>Jun 2023 – Aug 2023</b>	<b>Sep 2023 – Nov 2023</b>
No. of incidents*	78	76	68	67
No. of Breaches**	10	1	1	2
% of employers not submitted (breach)	1.09%	0.10%	0.10%	0.20%
Monetary value of contributions not submitted (breach)	£181,964.84	£20,172.11	£292.65	£24,786.10
% of contributions not submitted (breach)	0.40%	0.04%	0.01%	0.04%

\* Previous month's figures were collected and usually causes only a small variance in what the Pension Fund should have collected.

\*\* Number of cases where no contributions collected with breakdown of the % of employers failing to submit contributions, the % of the total contributions and the monetary value of those contributions shown in the rows below.

### **Administration Breaches**

During the period 1<sup>st</sup> September 2023 to 30<sup>th</sup> November 2023 there were 4 breaches reported to the Fund which contravened Code of Practice guidelines.

A	Death Grant paid to incorrect trustee. Original Trust Deed rejected; new Trust Deed created using correct bank details, but original bank details used in error.
B	Incorrect interest calculated by UPM resulting in an underpayment of interest to member.
C	Member holds two records but only one record trivially commuted.
D	Member entitled to Trivial Commutation was issued with a rejection letter in error.

The Fund is awaiting further information from LPPA regarding these cases, but early indications are that the breaches are one-off incidents which are not materially significant and will not be reported to the Pension Regulator.

## Summary of breaches:

	<b>Dec 22 – Feb 23</b>	<b>Mar 23 – May 23</b>	<b>Jun 23 – Aug 23</b>	<b>Sep 23 – Nov 23</b>
<b>Data</b>	7	5	8	7
<b>CoP – Administration</b>	2	1	5	4
<b>CoP - Contributions</b>	10	1	1	2

## Potential Breach

The fund is monitoring the 2023 production of annual benefit statements. Further details are provided elsewhere on the agenda.

## Complaints

Complaints reflect the quality of service experienced by members and have been categorised by LPPA into general service issues, delays, payment, or regulatory issues. The following table provides further data regarding complaints.

<b>Month</b>	<b>Nature of Complaint</b>			<b>Total Complaints</b>	<b>Volume per 1000 members (Rolling 12- month basis) *</b>
	<b>Delays</b>	<b>General Service</b>	<b>Payments</b>		
<b>September 2023</b>	36	23	3	62	3.0
<b>October 2023</b>	34	28	0	62	3.2
<b>November 2023</b>	23	20	3	46	3.3

\*This measure is adopted by Customer Experience Management (CEM) benchmarking to score complaints as part of their overall service metric with the target being less than 1.

As of 30<sup>th</sup> November 2023, the volume of complaints per 1,000 members is 3.3 (rolling 12- month basis) and is above the CEM benchmarking target of less than 1.

## Consultations

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

## 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	James Almond 01772 539699

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



**Lancashire Local Pension Board**

Meeting to be held on Tuesday, 23 January 2024

Electoral Division affected:  
N/A;

**The Pensions Regulator - Public Service Pension Schemes: Governance and Administration Research 2022-23**

Contact for further information:

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

**Brief Summary**

This report provides the Local Pension Board with a summarised position of the Pension Regulator's (TPR) survey findings in relation to governance and administration practices among public service pension schemes (PSPS).

**Recommendation**

The Board is asked to review and comment on the report.

**Detail**

The Pensions Regulator Public Service Governance and Administration Survey is an annual survey undertaken by the Regulator.

The primary objective of the survey is to track governance and administration practices among public service pensions schemes, including the approach to risk management, annual benefit statements and breaches of law.

This survey has been undertaken regularly since 2016 with 2022 being the only year the survey was not conducted.

For the 2023 iteration there have been new areas included which covers:

- Data Management Plans
- Investment in data management and technology
- TPR Codes of Practice
- TPR's new-look enforcement policy
- Pension board diversity

Of the 204 public service pension schemes 191 schemes participated in completing the survey (94%). The pensions team submitted a response on behalf of the Fund.

The full report can be accessed through the following link:

<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/public-service-research-2023.ashx>

## Summary

- **Cyber Risk** – this is now a top risk for most LGPS funds as 51% of funds put this into their top three risks. In comparison to other PSPS's this a considerable growth from 23% of LGPS funds in 2020/21. The second highest is the Police Pension Scheme with 22% of respondents claiming it as their top risk.
- **Recruitment, Training and Retention** – This is the 2<sup>nd</sup> highest governance and administration risk for LGPS funds as 49% mentioned it as a risk. 60% of all LGPS Funds indicate this as a barrier to improving governance and administration.
- **Structure of the LGPS** - The multi-employer structure is causing challenges to 92% of LGPS funds, with only 8% of LGPS funds having monthly data submitted by all employers on time.
- **Members** – 72% of LGPS funds are likely to increase investment in administration/technology and automation over the last two years. 95% of LGPS funds said they did this to deliver an improved service to members.

## Key Findings:

Overall, the survey focuses on 12 areas:

- **Key processes**

81% of all LGPS funds had all six processes that TPR monitors as indicators for PSPS performance. These cover:

- Breaches – Having procedures in place to assess & report breaches of law
- Contributions – having a process in place to resolve contribution payment issues
- Knowledge and understanding – Access to knowledge, understanding and skills needed to properly run the scheme
- Assessing/Managing risk – documented procedures for assessing and managing risks
- Completeness of Data – process for monitoring accuracy of records
- Conflicts of Interest – documented policy to manage board members' conflicts of interest

- **Scheme Governance**

79% of all LGPS Funds held four or more Local Pension Board meetings in the last year compared to 33% in 2021. Most schemes consider that their pension board and managers had the required knowledge and capabilities. Almost a quarter of PSPS members were in a scheme that did not have sufficient time and resources to run the

scheme properly, but 86% of LGPS funds did have sufficient time and resources and the same proportion carried out an evaluation of knowledge and skills at least annually.

- **Managing Risk**

There was evidence of improved risk management across PSPS's. The top three risks for LGPS funds were:

- Cyber Risk
- Staff recruitment and retention
- Record keeping

- **Administration and Record Keeping**

Administration was a topic covered by most Local Pension Boards. Only 8% of funds stated that they received data on time in the last 12 months with 9% stating all employers had provided accurate and complete data.

- **Annual Benefit Statements (ABS)**

97% of active members received their annual benefit statements by the statutory deadline. Where the ABS's hadn't been produced on time only a few funds reported it to the regulator as it impacted on so few members.

- **Reporting breaches**

Only 4% of funds have reported breaches to the regulator with 45% of those reported relating to late or non-payment of contributions.

- **Addressing Governance and Administration Issues**

The top three barriers for funds to improve their governance and administration over the next 12 months were reported as being:

- Recruitment, retention of staff and knowledge
- McCloud remedy
- Volume of legislative changes

Improvements in governance and administration in the last 12 months were primarily attributed to a better understanding of the risks facing the scheme and increased resource allocation to risk.

- **TPRs codes and guidance**

Most LGPS funds (94%) are aware that the TPR is soon to introduce the new General Code of Practice with 63% agreeing that it would improve how their scheme is governed. Most funds expect it will result in additional work to meet TPRs expectations.

- **TPRs enforcement policy**

Just over 50% of schemes were aware of TPRs new look enforcement strategy and hardly any schemes have made changes because of it.

- **Climate Change**

Nine in ten LGPS funds had allocated time or resources to assessing any financial risks and opportunities arising from climate change, and there was evidence of increased climate-related action since 2020/21.

- **Pensions Dashboard**

Awareness of pensions dashboards was near universal, and more schemes knew that they would be required by law to provide data to savers through dashboards than in 2020/21.

- **Equality, diversity and inclusion**

Only 9% of public service pension schemes recorded any diversity data about pension board members. The most common reason for not collecting pension board diversity data was that they hadn't thought about doing so (39%). However, a third (31%) indicated that they already consider or assess pension board diversity but don't formally record this.

### **Lancashire County Pension Fund Specific Commentary**

This section of this report is intended to provide commentary on the Funds response to the survey compared to (i) other funds responses in 2023 and (ii) LCPF responses to the 2021 survey.

Lancashire County Pension Fund (LCPF/the Fund) is consistent with the majority of other funds as we hold key processes in the 6 areas which the TPR monitors for performance indicators.

The Fund holds board meetings on a quarterly basis and has sufficient time to run the Fund.

LCPF top risks differ slightly in comparison to other funds as when responding to the questionnaire the top risks were documented as:

- Cyber Risk
- Administrator issues (expenses and performance)
- Other (inflation, change of pension admin system)

LCPF does not have an active data management plan however LPPA are starting a data management project to improve the quality of the data that LPPA hold for members. LCPF responded to the survey stating it is expected to increase its budget for data management in the near future to support improvement in data management. The Fund's Cyber security project activity outlines the data and asset



mapping process that the Fund will undertake. This was shared with the Local Pension Board at the October 2023 meeting.

LCPF were in line with most other funds in relation to ABS submissions for 2021/22 with 97% of the members receiving a statement ahead of the statutory deadline.

With regard to breaches, Lancashire's biggest breach was the production of ABS as opposed to the contributions, however, this was not reported due to limited members being affected.

For governance and administration issues, TPR codes and guidance, TPR's enforcement policy, climate change and pensions dashboard LCPF is consistent with other funds.

The Fund does consider equality, diversity and inclusion regarding membership of the Pension Board but does not formally record this.

In comparison to the 2020/21 survey the Fund has increased the number of times that it reviews exposure to new and existing risks and a report is now presented to the Board on a quarterly basis.

Naturally due to progression with publishing of the regulations since 2021 the fund has undertaken more activity around the McCloud ruling.

There has been a decrease in employers submitting data on time from 100% down to 85.2%, primarily due to the transition to the new administration system at the time of submitting the questionnaire.

In 2020 all LCPF ABS were issued by post compared to 80% receiving them electronically in 2022.

## **Conclusion**

The Fund overall fares very well in this Governance and Administration Survey and is in line with, or exceeds, most other funds.

The research outlines a limited number of changes which are on the horizon however the Fund is aware of these changes and has incorporated them into its business planning activities. Many of these have been referenced within the 2023/24 strategic plan and will be carried through into the 2024/25 strategic plan to be presented to the Pension Fund Committee at its meeting in March 2024. For example:

- pensions dashboard has been an item for the Fund to consider for a number of years and will feature of the Fund's strategic plan with focused activity outlines;
- The Fund is well into its activity to manage its biggest risk with Cyber Security;
- The Fund has undertaken detailed analysis of the Code of Practice;

- Climate change was considered as part of the 2022 Actuarial Valuation report and will be covered within the Taskforce on Climate Related Financial Disclosure (TCFD) project in the forthcoming year; and
- In addition, resourcing on the pensions team has been considered and requirements have been identified.

### **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
Public service pension schemes: governance and administration research 2022-23	October 2023	Junaid Laly/01772 532767

Reason for inclusion in Part II, if appropriate

N/A



**Lancashire Local Pension Board**

Meeting held on Tuesday 23<sup>rd</sup> January 2024

Electoral Division affected:  
None;

**Pension related training for members of the Pension Board.**

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

**Brief Summary**

The report refers to pension related training involving members of the Pension Board which has taken place since the last meeting.

**Recommendation**

The Pension Board is asked to note any feedback on the training individual members have received and to agree that the Training Record be updated to reflect the training referred to in the report.

**Detail**

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

Since the last meeting members of the Board have attended or participated in the following pension related conference/events.

**18<sup>th</sup>-19<sup>th</sup> October 2023 PLSA Annual Conference**

Attended by Mr K Ellard

**8<sup>th</sup> November 2023 Internal workshop – Local Pensions Partnership Administration Technical Update.**

Participants - Ms F Miller (Chair), County Councillor J Couperthwaite, Mr S Dunstan, Mr M Davies, Ms D Parker, Mr K Ellard, Ms G Hart, and Mr A Egerton.

**12<sup>th</sup> December 2023 Internal Worksop on the General Code of Practice and Good Governance.**

Participants - Mr S Dunstan, Ms D Parker, and Ms G Hart.

**16<sup>th</sup> January 2024 Internal Workshop – Update on Local Pensions Partnership Administration Communications.** Attendance by Board members 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, those charged with governance and decision making may be ill-equipped to make informed decisions regarding the direction and operation of the Pension Fund.

The Training Policy seeks to apply best practice and to ensure compliance with guidance from CIPFA and the Pensions Regulator. Failing to implement an adequate Training Policy and Framework and to regularly review the effectiveness of training arrangements would place the County Council (as Administering Authority) at risk of non-compliance with the Pensions Regulator's Code of Practice No. 14 (Governance and administration of public service pension schemes) and the legislative requirements that this code interprets.

## **Financial**

The Fund's Training Policy forms part of its governance and risk management arrangements which seek to ensure that the members of the Lancashire Local Pension Board are well-informed, confident, and knowledgeable participants who work effectively and consistently in the best interests of the Fund and its stakeholders.

The cost of participation in external training together with any associated travel and subsistence costs, are met 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	25 <sup>th</sup> August 2023	Mike Neville (01772) 533431
Attendance sheets for internal pension related workshop.	8 <sup>th</sup> November 2023 and 12 <sup>th</sup> December 2023	Mike Neville (01772) 533431
Reason for inclusion in Part II, if appropriate.		
N/A		

**Lancashire Local Pension Board**

Meeting to be held on Tuesday, 23 January 2024

Electoral Division affected:  
None;

**Part I reports presented 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**

The Part I reports referred to in this report were considered at the most recent meeting of the Pension Fund Committee. At the Pension Board the Head of Fund will update Board members on decisions taken by Committee in respect of the reports.

**Recommendation**

The Board is asked to comment in relation to the Part I reports that were considered by the Pension Fund Committee on 1<sup>st</sup> December 2023 and any decisions taken.

**Detail**

At the meeting on 1<sup>st</sup> December 2023 the Pension Fund Committee considered several reports in Part I of the agenda (available to the press and public) which included those listed below.

- Minutes of the meeting held on 15th September 2023.
- **Budget Monitoring 2023/24 – Q2**
- **Local Pensions Partnership Annual Report and Accounts**
- **Lancashire County Pension Fund Strategic Plan 2023/24 - Progress Update**
- Pension related training for members of the Committee.
- **Responsible Investment Report**
- Date of Next Meeting - 8th March 2024 in Committee Room 'A' – The Tudor Room at County Hall, Preston, starting at 10.30am (preceded by a briefing at 10.00am).
- 2024/25 programme of meetings and an additional meeting on 9<sup>th</sup> February 2024.

Members of the Board received notification when the agenda for the Committee was published and available to view in the secure online Pensions Library.

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

### **Consultations**

N/A

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

There are no significant risks associated with this report.

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

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A



**Lancashire Local Pension Board**

Meeting to be held on Tuesday, 23<sup>rd</sup> January 2024

Electoral Division affected:  
None;

**2024/25 Programme of Meetings.**

Contact for further information:

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

**Executive Summary**

A proposed 2024/25 programme of meetings for the Lancashire Local Pension Board.

**Recommendation**

The Board is asked to approve the 2024/25 programme of meetings as set out below with all meetings to start at 2.00pm and be held in Committee Room 'B' - The Diamond Jubilee Room at County Hall, Preston.

9<sup>th</sup> July 2024  
15<sup>th</sup> October 2024  
28<sup>th</sup> January 2025  
1<sup>st</sup> April 2025

**Background and Advice**

The current programme of meetings for the Lancashire Local Pension Board ends with the meeting on 2<sup>nd</sup> April 2024.

On 12<sup>th</sup> October 2023, the Full Council approved a 2024/25 programme of meetings for its Cabinet and Committees, including dates for the Pension Fund Committee up to March 2025.

Consideration has been given to an associated programme of meetings for the Lancashire Local Pension Board and, after consulting with the Chair and the Head of the Pension Fund, the following dates have been agreed, with all meetings to start at 2pm and be held in Committee Room 'B' - The Diamond Jubilee Room at County Hall, Preston.

Tuesday 9<sup>th</sup> July 2024  
Tuesday 15<sup>th</sup> October 2024  
Tuesday 28<sup>th</sup> January 2025  
Tuesday 1<sup>st</sup> April 2025

### **Consultations**

Both the former Chair and the Head of the Pension Fund were consulted on the proposed dates and other members of the Board (including the new Chair) were given advance notice of the dates by email.

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

Early approval of a programme of meetings for 2024/25 will enable members of the Pension Board to forward plan and minimise the possibility of non-attendance at future meetings.

### **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



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

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# Agenda Item 16

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

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# Appendix A

(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 17

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

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# 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)

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