

Lancashire County Council

Lancashire Local Pension Board

Tuesday, 9th July, 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. Constitution, membership, and Terms of Reference of the Pension Board** (Pages 1 - 12)
- 2. Apologies.**
- 3. Disclosure of Pecuniary and Non-Pecuniary Interests.**
Board Members are asked to consider whether they need to disclose any pecuniary and non-pecuniary interest in matters appearing on the agenda. If any Board member requires advice on declarations of interest they are advised to contact Josh Mynott, Democratic Services (telephone 01772 534580) in advance of the meeting.
- 4. Minutes of the Last Meeting.** (Pages 13 - 20)
To be confirmed as an accurate record and signed by the Chair.
- 5. Regulatory Update** (Pages 21 - 26)
- 6. Communications Update** (Pages 27 - 34)
- 7. Lancashire County Pension Fund - Governance Compliance Statement** (Pages 35 - 50)
- 8. Pension related training for members of the Pension Board.** (Pages 51 - 52)
- 9. Lancashire Local Pension Board - Annual Report 2023/24** (Pages 53 - 58)
- 10. Part I reports presented to the most recent Pension** (Pages 59 - 60)



Fund Committee.

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 Pension Board will be held at 2.00pm on 15th October 2024 in Committee Room 'B' The Diamond Jubilee Room at County Hall, Preston.

13. Exclusion of Press and Public.

The Pension 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).

- | | |
|--|-------------------|
| 14. Lancashire County Pension Fund - Training Policy | (Pages 61 - 74) |
| 15. LCPF Cyber Security Strategy | (Pages 75 - 122) |
| 16. LCPF Breaches Report | (Pages 123 - 130) |
| 17. Part II reports from the most recent Pension Fund Committee | (Pages 131 - 132) |
| 18. Pension Administration Update | (Pages 133 - 138) |
| 19. LCPF Risk Register | (Pages 139 - 162) |

H MacAndrew
Director of Law and Governance

County Hall
Preston





Lancashire Local Pension Board
Meeting to be held on Tuesday, 9 July 2024

Electoral Division affected:
None;

Constitution, membership, and Terms of Reference of the Pension Board.
(Appendix 'A' refers)

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

Brief Summary

A report on the constitution, membership, and Terms of Reference of the Lancashire Local Pension Board.

Recommendation

The Board is asked to review the constitution, membership, and Terms of Reference as set out in the report.

Detail

The Terms of Reference for the Lancashire Local Pension Board state that the constitution of the Board is 9 members, based on an independent Chair, 4 Employer representatives and 4 Scheme Member representatives.

The current membership of the Board is as follows.

- Mrs F Miller, Independent Chair
- County Councillor G Mirfin, Employer representative Lancashire County Council
- Mr S Lawrence, Employer representative Lancashire County Council
- Mr M Davies, Employer representative (Unitary/City/Borough Councils & Police/Fire)
- Mr S Dunstan, Employer representative (Other Employers).
- Ms D Parker, Scheme Member representative.
- Mr K Ellard, Scheme Member representative.
- Ms G Hart, Scheme Member representative.
- Mr A Egerton, Scheme Member representative.

Terms of Reference

A copy of the current Terms of Reference for the Lancashire Local Pension Board is set out at Appendix 'A'.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified.

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

Paper	Date	Contact/Tel
N/A		

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

Lancashire Local Pension Board

Terms of Reference

1. Role and remit of the Board

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

**(Approved and last updated by Full Council, 23 February 2023
Owner - Democratic Services)**

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

2. Membership and Appointment Process

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

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

Four employer representatives, of whom:

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

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

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

Process

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

Employers within the Fund shall be notified of any vacancies arising under categories b) and c) above. Any nominations shall be submitted to the Head of the Pension Fund.

A vacancy arising under category d) shall be brought to the attention of employer and member representative bodies to enable the vacancy to be advertised as widely as possible. This will include details of the vacancy being published on websites as appropriate. Scheme members shall submit expressions of interest to the Head of the Pension Fund.

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

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

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

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

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

- a) The independent Chair of the Pension Board shall be appointed by the full Council for an initial 2 years with an option for the appointment to be extended for an additional 2 years.
- b) Other members of the Board will serve for a maximum period of up to 8 years subject to the approval of the Full Council. Other than as a result of retirement at the expiry of this period the term of office of a member of the Board will come to an end:
 - i) For an employer representative who is a councillor if they
 - cease to hold office as a councillor.
 - are appointed to serve on the Pension Fund Committee,
 - are replaced in accordance with the change of membership procedure adopted by the County Council, or
 - are removed by a resolution of the Full Council.
 - ii) For employer representatives who are not councillors when they cease to be employed by the employing body where they were employed on appointment;
 - iii) For a scheme member or employer representative if they are appointed to a role with responsibility for the management or administration of the Fund.
 - iv) For scheme member representatives if they cease to be a member of the Fund.
 - v) Where there is a conflict of interest which cannot be managed in accordance with the Conflict of Interests Policy.
 - vi) Where an individual fails to attend meetings, undertake training or otherwise comply with the requirements of being a member of the Pension Board.
- c) Each Board member should endeavor to and is expected to attend all Board meetings during the year. Given the nature of the Board as a supervisory body and the need for appropriate knowledge and skills and the clear avoidance of conflicts of interest substitute members are not permitted.
- d) Other than by ceasing to be eligible as set out above, a Board member (including the independent member) may only be removed from office during a term of appointment by the consent of the Full Council.

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

(Approved and last updated by Full Council, 23 February 2023
Owner - Democratic Services)

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The role of the Pension Board requires the highest standards of conduct and therefore the “seven principles of public life” will be applied to all Board members and embodied in their Code of Conduct as approved by the Board and published on the Local Pension Fund Website.

5. Knowledge and Understanding

- a) Board members must be conversant with:
 - i) The legislation and associated guidance of the LGPS.
 - ii) Any document recording policy about the administration of the LGPS which is for the time being adopted by the Fund.
- b) Board members must have knowledge and understanding of:
 - i) The law relating to pensions, and
 - ii) Any other matters which are prescribed in regulations.
- c) It is for individual Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board. In line with this requirement Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. A record of the training which Board members have undertaken will be presented to the Board on an annual basis.
- d) Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.
- e) Board members will comply with the Training Policy approved by the Pension Fund Committee.

6. Role of the Chair

- a) To ensure that the Board delivers its purpose as set out in these Terms of Reference.
- b) To ensure that Board meetings are productive and effective and that all members of the Board have an opportunity to contribute to discussions.
- c) To seek to ensure that the Board reach consensus when making decisions and to put decisions to a vote when it cannot be reached (see section 8).
- d) To facilitate the Annual Review of the effectiveness of the operation of the Board over the previous year and draft a report on the findings for inclusion in the Annual Report of the Fund.

7. Quorum

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

8. Decision making

- a) Employer/scheme member representatives on the Board will have an individual voting right but it is expected the Board will, as far as possible, reach a consensus.
- b) Under Regulation 106(7) of the LGPS Regulations 2013 the Chair is explicitly excluded from having the right to vote.
- c) Written resolution procedure - Should the Board need to take a decision between scheduled meetings then all Employer/Scheme Member representatives on the Board shall be consulted by email on the proposal and asked to indicate whether they support the recommendation or not. The Chair will receive a copy of the written resolution for their information. The decision of the Board will then be based on a simple majority of the responses received and will be reported to the subsequent Board meeting.

9. Board Meetings – Notice, Minutes and Reporting

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

- iii) Details of any specific recommendations made by the Board to the Pension Fund Committee and the response of the Committee to those recommendations.
- iv) Details of the costs incurred in the operation of the Board.
- v) A statement by the Chair on the findings of the Annual Review of the effectiveness of the Board.

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

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

10. Publication of Pension Board information.

- a) Scheme members and other interested parties will want to know that the Fund is being efficiently and effectively managed. They will also want to be confident that the Board is properly constituted, trained and competent in order to comply with scheme regulations, the governance and administration of the scheme and requirements of the Pension Regulator.
- b) The Board will ensure that up to date information is posted on the Lancashire County Pension Fund website showing
 - The names, contact details and other relevant information about Board members.
 - The responsibilities of the Pension Board as a whole.
 - The full Terms of Reference of the Pension Board.
 - Any specific roles and responsibilities of individual Board members.
- c) The Pension Fund Committee will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

11. Budget.

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

12. Reimbursement of Travel and Subsistence Expenses and Remuneration.

- a) All Board members shall, on the production of relevant receipts be reimbursed

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for travel and subsistence expenses they have actually and necessarily incurred in the conduct of their duties as a member of the Board, including attendance at relevant training and development activities.

- b) Board members shall be reimbursed a mileage allowance for use of their own car at the rate proscribed by HM Revenues and Customs from time to time as adopted by Lancashire County Council.
- c) Where members of the Board are in employment their employer will be able to reclaim from the Lancashire County Pension Fund a sum equivalent to salary, employers' national insurance contributions and employers' pension contributions, in respect of time spent by the individual in fulfilling their duties as a member of the Board, including attendance at relevant training and development activities. Where any applicable sums and contributions are claimed by an employer, costs must have been incurred by the employer and evidence must be provided with any claim.
- d) Board Members may be able to reclaim from the Lancashire County Pension Fund a sum in financial loss commensurate to time spent by the individual in fulfilling their duties as a member of the Board, including attendance at relevant training and development activities, except where such sums are recoverable under any other paragraph of these terms of reference. Where any applicable sums are claimed by an individual evidence must be provided with the claim. The Head of Fund will have absolute discretion to determine the final sum reimbursed based on what is deemed sufficiently evidenced, reasonable and proportionate, to be assessed on a case by case basis.
- e) In accordance with the decision taken by the Executive Director of Resources on behalf of the Urgency Committee of Full Council on 26 June 2023, the Chair of the Board shall receive a fixed annual allowance of £10,000 (in addition to travel and subsistence expenses) to be inflated in April each year by the Consumer Price Index for the previous September.

13. Advisers to the Board

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

14. Reporting Breaches

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

**(Approved and last updated by Full Council, 23 February 2023
Owner - Democratic Services)**

Note

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

Lancashire County Council

Lancashire Local Pension Board

**Minutes of the Meeting held on Tuesday, 2nd April, 2024 at 2.00 pm in
Committee Room 'B' - The Diamond Jubilee Room at County Hall, Preston.**

Present:

Chair

Mrs F Miller

Board Members

County Councillor G Mirfin, Employer representative - Lancashire County Council.

Mr S Dunstan, Employer representative - Other.

Ms D Parker, Scheme Member representative.

Mr K Ellard, Scheme Member representative.

Ms G Hart, Scheme Member representative.

Mr A Egerton, Scheme member representative.

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

1. Welcome and Apologies.

The Chair welcomed everyone to the meeting and noted that apologies had been received from Mr M Davies, Employer representative - Unitary/City/Borough Councils, Police/Fire.

2. Disclosure of Pecuniary and Non-Pecuniary Interests.

The Chair reported that she was an Executive Director for another pension pooling company and a deferred member of the Local Government Pension Scheme.

3. Minutes of the Last Meeting.

The Board considered the Minutes from the previous meeting which included a number of actions that would be addressed by items of business on the agenda.

Resolved: That the Minutes of the meeting held on 23rd January 2024 are confirmed as an accurate record and signed by the Chair.

4. 2023/24 Training Record and update on pension related training for Board members.

Mr Neville, Senior Democratic Services Officer, presented the report and informed the Board that County Councillor Mirfin, Mr Dunstan, Ms Parker, Mr Ellard, Ms Hart, and Mr Egerton had all participated in the internal workshop on 27th March 2024 regarding legal duties and responsibilities of the Lancashire County Pension Fund.

He also reported that the Training Record for 2023/24, which reflected the participation of individual Board members in external/internal training events over 12 months, would be used to inform figures to be included in the Pension Board Annual Report which would be presented to the next meeting for consideration. It was noted that the Training Record would be updated to take account of attendance at the workshop on 27th March 2024.

Resolved:

1. That the attendance of County Councillor G Mirfin, Mr S Dunstan, Ms Parker, Mr Ellard, Ms Hart, and Mr Egerton at the internal workshop on 27th March 2024, is noted.
2. That the Training Record for 2023/24 set out at Appendix 'A' to the report presented is noted and updated to include the attendance of Board Members at the workshop referred to at 1 above.

5. Regulatory Update

Ms Hunt, Technical & Administration Pensions Lead, from the Pensions Team, presented a report on various pension related regulatory issues including updates on the McCloud remedy, Pensions Dashboard and abolition of the Lifetime Allowance as announced in the Autumn Statement. She answered questions from Board members on the updates and also confirmed that the General Code of Practice had come into operation (on 28th March 2024).

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

6. Discretions Policy Review

Ms Hunt, Technical & Administration Pension Lead from the Pensions Team, presented a report on the Lancashire County Pension Fund Discretions Policy Statement which had been updated following a review. The Board discussed the Policy which would be presented to a future meeting of the Pension Fund Committee for approval.

Resolved: That the updated Lancashire County Pension Fund Discretions Policy Statement presented at Appendix 'A' and the revision of the Fund's abatement policy for any pre-1st April 2014 element of pensions in payments (where a member is re-employed following ill-health retirement) as set out at Appendix 'B' are noted.



7. Lancashire County Pension Fund Breaches Report

Mr Almond, Senior Governance Officer from the Pensions Team, presented a report on data, contribution, administration breaches, received during the period 1st December 2023 to 29th February 2024, none of which had been deemed significant enough to warrant reporting to the Information Commissioner or The Pension Regulator. Information on the number and nature of complaints received during the same period were also presented.

Board members also welcomed the proposed format for future reporting on breaches/complaints, as set out at Appendix 'A'. County Councillor Mirfin suggested some additional data sources for the Pensions Team to explore as potential benchmarking or contextual information for this item in future reports.

Resolved:

1. That the summary of the Lancashire County Pension Fund breaches and complaints during the period 1st December 2023 to 29th February 2024, as set out in the report presented, is noted.
2. That the Dashboard set out at Appendix 'A' to the report presented, be used for future reporting to the Board regarding breaches and complaints.

8. Communications update

Mr Almond, Senior Governance Officer from the Pensions Team, presented a report on communications activity by the Local Pensions Partnership Administration Ltd (LPPA) Engagement and Communications Team and the Pension Fund Team and answered questions from Board members.

In response to a query from a Board member the Head of Fund undertook to ask LPPA for feedback from satisfaction surveys on employer training session to be included in a future report.

Resolved: That the report is noted.

9. Annual Review of the Lancashire Local Pension Board.

The Head of Fund presented a report summarising the main points from the Chairs discussions with individual Board members and others as part of the Annual Review of the effectiveness of the Pension Board held in January 2024. It was noted that County Councillor Mirfin had spoken with the Chair separately following his appointment to the Board.

In response to a request the Head of Fund agreed to update the Pension Team structure chart from the Strategic Plan so that it included officer names and contact details and circulate it to Board members for future reference.



Resolved: Having considered the summary report and recommendations from the Chair following the annual review the Board agreed:

1. That the Chair continue to allocate particular areas of Board activity to selected Board members with lead responsibilities during discussions as set out below.

Area	Includes	Board Members
Compliance with regulations and statutory guidance	Pensions Regulator Local Government Regulations, ICO and Audit requirements	M Davies K Ellard A Egerton
Communications	Engagement Communications Policy	M Davies Ms D Parker
Administration	Key Performance Indicators Annual benefit Statements Administration breaches	S Dunstan A Egerton
Information Security and ICT	Systems, Data Protection, Information Security, GDPR.	County Councillor G Mirfin Ms G Hart
Investment policy Governance	Investment Strategy Statement, Actuarial Report, Responsible Investment.	S Lawrence Ms D Parker
Service provider Oversight and Governance	Local Pensions Partnership Custodian, Audit	County Councillor G Mirfin S Dunstan K Ellard
Risk	Risk Register	S Lawrence Ms G Hart

2. That arrangements be made for training sessions to be held on the following subjects:
 - Legal Update - including breaches reporting policy.
 - Audit and assurance framework.
 - Investment vocabulary, jargon-busting, and attributes of main asset classes.
 - Administration Update - including Pensions Dashboard.
3. To ensure that all new Board members receive sufficient training and support to progress the Board.
4. To identify and implement a process whereby the connections and networks of the Board members can be utilised to engage more successfully with employers and scheme members.
10. **Part I reports presented to the most recent Pension Fund Committee.**



The Head Fund presented a report on items considered by the Pension Fund Committee on 8th March 2024 under Part I of the agenda and informed the Board:

- That an unqualified opinion from the external auditor regarding the Fund accounts was expected in late April 2024.
- That the Lancashire County Pension Fund budget was in a good position and had been approved by Committee.
- That the Committee had considered and noted an update report on overpayments for the period 1st April 2022 to 31st March 2023, and
- That an interim 6-month Training Plan had been approved and an updated Plan would be produced later in the year.

It was suggested that the 2024/25 Workplan be updated to include reference to a review of the Business Continuity Plan.

Resolved: That the Part I reports considered by the Pension Fund Committee on 1st December 2023 and the subsequent 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 9th July 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 Managing Director and the Head of Risk and Compliance from Local Pensions Partnership Administration Ltd joined the meeting at this point.

14. Pension 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).



Ms Darbyshire, Managing Director of Local Pensions Partnership Administration Ltd, presented a report on various administration matters, including performance, Service Level Agreement metrics, the Efficiency and Service Improvement progress, and the retirement action plan. With the permission of the Chair additional information regarding performance in February/March 2024 was also circulated at the meeting.

When considering the report, the Board discussed the following:

- Progress on identifying those scheme members who would be eligible for the underpin as a result of the McCloud judgement.
- Monthly returns and engagement with employers with regard to the production of Annual Benefit Statements.
- Improved staff recruitment and retention.
- Improvements to the Service Level Agreement metric to ensure it represents the end-to-end member experience and is in line with requirements, including disclosure, as agreed by the Board in October 2023.

Resolved:

1. That the report and updates from the Managing Director of Local Pensions Partnership Administration Ltd are noted.
2. That the Head of Fund and the Managing Director of Local Pensions Partnership Administration Ltd will consider improvements to the Service Level Agreement metric and report back to the Board at its next meeting.

15. Assurance Reporting - Pensions Administration

(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 Morville-Smith Head of Risk and Compliance from Local Pensions Partnership Administration Ltd (LPPA) presented a report and answered questions on assurance reporting in relation to LPPA and the provision of independent assurance of internal controls.

In considering the report the Board noted the key points identified in the Type 1 AAF report on pension administration and information technology and the proposed timescale regarding the Type 2 AAF report.

Resolved:

1. That the update regarding assurance reporting in relation to LPPA and the provision of independent assurance of internal controls is noted.



2. That a further report regarding the findings of the AAF Type 2 report be presented to the Board in July 2025.

16. Lancashire County Pension Fund Risk Register.

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

The Head of Fund presented a report on various risks associated with the operation of the Fund and highlighted four key risks including the provision of statutory information in relation to the Annual Benefit Statements, and implementation of the McCloud remedy.

The Board discussed activity and engagement with employers in relation to the production of Annual Benefit Statements and noted that an update report would be presented to the next meeting. The Board also discussed the structure and definition of roles within the Pensions Team, risk appetite, root cause analysis of risks and the format of future reporting on risk (focusing on appropriate presentation to the Board of information contained within risk templates).

Resolved:

1. That the Lancashire County Pension Fund Risk Register and updates on specific risks, as set out in the report presented, are noted.
2. That an update report on the production of Annual Benefit Statements be presented to the next meeting of the Board.

17. Lancashire County Pension Fund - Strategic Plan 2024/25

(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).

Mr J Laly, Special Projects Pensions Lead, presented a report on extracts from the 2024/25 Strategic Plan approved by the Pension Fund Committee in March 2024 which defined the key projects for the Fund and identified activities to be undertaken by the Pensions Team over the next 12 months.

Resolved: That the timeline of activity associated with the Strategic Plan 2024/25 together with the Pension Team objectives and resourcing, as set out in the report presented, are 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).

The Head of Service – Pension Fund Client presented a report on two specific items considered by the Pension Fund Committee on 8th March 2024 under Part II of the agenda which had been covered by earlier discussions in the meeting.

Resolved: That the two Part II reports considered by the Pension Fund Committee on 8th March 2024 referred to in the report presented and decisions taken are noted.

H MacAndrew
Director of Law and Governance

County Hall
Preston



Lancashire Local Pension Board
Meeting to be held on Tuesday, 9 July 2024

Electoral Division affected:
N/A;

Regulatory Update

Contact for further information:
Catherine Hunt, 01772 533757, Technical & Administration Pensions Lead,
catherine.hunt2@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 effectively.

Recommendation

The Board is asked to consider and comment on the content of the report.

Detail

1. McCloud

The [McCloud Remedy Statutory Guidance for the LGPS](#) in England and Wales has now been published. The guidance aims to achieve a consistent application of the remedy across the LGPS and provide additional guidance on certain technical issues.

To process underpin calculations for members, Local Pensions Partnership Administration Limited (LPPA) need to firstly validate a member's data and secondly determine if a member is in scope of the remedy. An update is provided elsewhere on this agenda covering progress made on data validation and member identification.

Processing member benefits

The statutory guidance formalises how McCloud remedy cases should generally be prioritised and, in practice, the 'underpin' has started to be applied for eligible members of Lancashire County Pension Fund who are progressing through the retirement process. Early indications of processing retirement benefits have found that less than 1% of members in scope of the McCloud remedy and retiring at normal pension age are benefiting from the underpin and between 1%-5% of those retiring early are benefiting from the underpin.

The date of implementation is confirmed as 31st August 2025 i.e. retrospective changes to benefits should have been made for members that have already retired, data should be up to date for all members, and annual benefit statements (ABSs) for 2024/25 should reflect the McCloud remedy. Functionality to revisit historic cases is not available to LPPA until October 2024, enabling the bulk processing of these cases.

Inclusion of the 'underpin' in annual benefit statements.

The statutory guidance confirms that the inclusion of the 'underpin' in annual benefits statements is not required until 2024/25 production. However, this does require legislation to exempt this year's statements but has been delayed due to the General Election. It is hoped that if legislation is not put through before 31st August 2024, that the Pension Regulator will be understanding of funds not reflecting the remedy in this year's statements.

HMRC guidance regarding remedy cases

On 4 April 2024, HMRC confirmed that the remedy is not retrospective for tax purposes, so if a member has retrospective changes made to their benefits, there is no change to the amount of lifetime allowance used up when the member's benefits originally came into payment (referred to as 'crystallised'). Increased benefits that arise on or after 6 April 2024 must be considered against the new lump sum allowances that have been introduced following the abolition of the lifetime allowance on 6 April 2024.

In addition, HMRC confirmed on 25 April 2024, that interest payments on arrears or top-ups arising from McCloud recalculations are to be treated as authorised payments, so will not be subject to an unauthorised payment tax charge.

2. Remedy Costs- Judicial Review

Under the Scheme Advisory Board (SAB) cost management process, scheme costs across all LGPS Funds are measured at each actuarial valuation and if costs move too far from a target cost, then member benefits or contributions must be adjusted to return costs to the target level. The government decided that the McCloud remedy should be included in the actual scheme costs for comparison against the target cost.

The Court of Appeal has been deciding whether the Government's decision to pass the remedy costs on to members in this way is lawful. A judgement published on 17 April 2024 confirmed that the Court of Appeal agreed with the earlier ruling of the High Court, and it was found legitimate that the McCloud costs were treated as member costs within the 2016 cost management process. Consequently, there is no requirement to revisit the outcome of the 2016 scheme-wide valuation.

However, the unions are now seeking permission to appeal to the Supreme Court over the government's use of the cost management process.

3. Cost control mechanism

In addition to the SAB cost management process mentioned above, there is another control referred to as the cost control mechanism which is operated by HM Treasury and covers public service schemes. Developments on this mechanism are provided below.

On 11 April 2024, the Government's Actuary Department (GAD) published the results of the 2020 valuation and confirmed that the scheme 'cost cap corridor' has not been breached and no changes will need to be made to LGPS member benefits or contributions.

The 'cost cap corridor' is set at 3% for the scheme. While the 'core cost' was 3.2% below the target cost, so slightly below the corridor, there is also an 'economic check' that takes account of the wider economic situation. This also lies outside the 3% corridor but in the other direction (7.3% above the target cost), therefore the 'cost cap corridor' as a whole has not been breached.

The Scheme Advisory Board (SAB) will now undertake a final cost assessment – as part of the mechanism under (2) above - to ensure the scheme remains affordable and sustainable and will publish the results shortly. However, initial results are that *'it is not minded to recommend to the Secretary of State any changes to LGPS benefits through that process.'*

4. Annual Report Guidance

New guidance on 'Preparing the Pension Fund Annual Report' was published on 28 March 2024. This explains that administering authorities should use their 'best endeavours' to comply with the requirements for the 2023/24 report, due by 1st December 2024, but exercise judgement where compliance would require disproportionate effort or cost.

Fund Officers have undertaken an impact assessment and are working with the relevant stakeholders to produce this year's annual report and accounts which includes administration performance data provided by LPPA and Investment and Pooling information by Local Pensions Partnership Investments Limited (LPPI). A draft version of the Annual Report and Accounts will be available to the Local Pension Board as part of the September Pension Fund Committee paper.

The new guidance can be found here <https://lgpsboard.org/index.php/board-publications/board-guidance>

The Scheme Advisory Board (SAB) expect to undertake a brief review of the guidance towards the end of 2024 to obtain feedback from administering authorities on their experience of implementing the new guidance.

5. Pensions Dashboard

Following the Technical Workshop, clarity has been provided by the Pensions Dashboard Programme regarding the connection deadline and the Dashboard Available point (DAP).

The connection deadline for Public Sector Pension Schemes is 31st October 2025 and once a provider connects to the dashboard, then duties such as remaining connected, undertaking matching against find requests, registering pensions found and returning view data, all apply.

However, the launch of the service to the general public as a whole is the point at which the Secretary of State determines the service is ready for widespread use (Dashboard Available Point (DAP)) and 6 months' notice of the DAP will apply. This date will depend on there being sufficient coverage and the dashboard working effectively (which will rely on testing – see below).

Prior to the launch to the general public, it will only be individuals invited by or on behalf of the Money and Pensions Services (MaPS) to help test the service or to support service improvements that will be using dashboards services, but this testing will require providers and schemes to be connected and to receive and respond to find and view requests in line with their duties under the legislation.

Large scale interaction between Lancashire County Pension Fund members and the dashboard, thereby raising queries for LPPA is not likely to take place until a date later than 31st October 2025, though the date of the DAP is yet to be confirmed. In practice, the DAP could come before the connection deadline.

6. Efficiencies in Local Government and management of LGPS funds

On 15 May 2024, The Local Government Minister, Simon Hoare MP, wrote to all administering authorities in England asking them to set out their approach to efficiencies in their management, governance, and administration of their LGPS Fund and asset pool.

Specifically, the Minister requested that responses included details on how the authority will complete the process of pension asset pooling to deliver the benefits of scale and how the authority will ensure the LGPS Fund is efficiently run, including if the Fund would be likely to achieve long-term savings and efficiencies if our LGPS Fund became part of a larger fund through merger or creation of a larger pensions authority.

The letter follows the increase in pressure to pool assets, as well as numerous communications setting out the government's preference for a smaller number LGPS funds. Despite the General Election on 4 July 2024, administering authorities are expected to respond by the deadline of 19 July 2024 and a response is being drafted by Fund Officers.

7. 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 had its second reading in the House of Lords on 20 February 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.

As the Bill has not proceeded through all stages of Parliament before the General Election was announced it will now need to be picked up by the new government if it is to become law.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Legal

N/A

Financial

N/A

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
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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, 9 July 2024

Electoral Division affected:
N/A;

Communications Update
Appendix 'A' refers

Contact for further information:
Jayne Brown, Pensions Governance Lead,
jayne.brown@lancashire.gov.uk

Brief Summary

This report provides the Local Pension 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 1 (April to June 2024) and the executive summary sets out some key highlights for the quarter.

In Q1, LPPA has continued to work on improving member registration numbers to PensionPoint by directly emailing non-registered individuals. At 12th June 2024 67,034 members had registered to use the service, up from 59,509 reported for Q4, an increase of 12.6%.

LPPA has also sought to increase employer attendance at training sessions, again by directly emailing employers to highlight the provision available. LPPA has advised that, in terms of employer satisfaction with training, the number of feedback forms received from employers following training is too low to provide a meaningful report at this point.

Other key highlights include completion of a review of the retirement letters issued to members to improve clarity and to standardise the retirement process. A review of the letters issued to members on bereavement is underway.

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

Pension Fund Team Update

Abatement policy

The abatement of ill-health pensions on reemployment is a discretion under the LGPS regulations that rests with the Fund. Having reviewed the policy, the Fund Team recommends a change from the current position in that the practice of abating ill-health pensions in payment should be discontinued. There are currently 12 pensioner members (compared to total number of pensioner members of 58,933) across 5 employers (compared to total number of employers of more than 300) within the Fund with abated pensions. The total annual value of the 12 pensions amounts to £42,757, which would be proportioned as appropriate and allocated to the liabilities of the relevant employers.

The Fund has issued a communication to participating employers to consult on the proposed change. Following the consultation exercise, it is anticipated that the recommended change in policy will be brought to September's Pension Fund Committee meeting for approval, with an implementation date of 1 October 2024.

Consultations

Head of Engagement, Marketing and Communications – LPPA
Participating employers – consultation ongoing

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 June 2024

Section 1

Engagement and Communication Activities 2024/25 Q1 (April to June to date)

Section 2

Planned Activity Q2 2024/25

Executive Summary

In Q1, and in addition to ongoing employer and member training, there has been a focus on several key activities including:

- Email activity to non-registered LCPF members to encourage them to sign up to PensionPoint.
- New activities to encourage employer attendance at LPPA online training (this includes additional emails promoting the benefits of attending training sessions – the most recent communication on the 4 June generated additional attendance of employers on sessions delivered w/c 10 June).
- P60 communications were issued to retired LCPF members by the statutory deadline of the 31 May.
- Improvements were made to the retirement section of the member area of the LPPA website, and a retirement newsletter was issued to active members aged >55 to provide relevant information should they be considering retirement (providing sufficient notice to their employers, tips on whether they have AVCs as part of their retirement planning etc).
- Ongoing communications to LCPF employers to ensure that monthly return submissions are up-to-date, ready to produce 2023/24 ABS documents by the statutory deadline.

In Q2 24/25, the focus will be on ABS communications to members by the statutory deadline of 31 August. In addition, LPPA will start to focus on targeted training at employers (based on performance data) that need additional support on providing on-time and accurate data submissions and forms.

All engagement and communication objectives were delivered during the period, and plans are on track for Q2 (further detail is provided in the report).

Chris Dawson (Head of Engagement, Marketing & Communications, LPPA), June 2024

1 Engagement and Communication Activities 2024/25 Q1 (Apr to June)

1.1 Engagement Activity – Employer and Member Training

Note that employer training sessions are not specific to LCPF, and that multiple employers from other Funds also attend these online sessions.

Date	Activity	Employer Name	Member or Employer	Attendee Number
08/04/2024	Pre – Retirement LG (True Bearing)	Lancashire County Council	Member	15
16/04/2024	New Recruits	Lancashire Constabulary	Member	25
18/04/2024	Submitting Monthly Returns	Blackpool College	Employer	1
18/04/2024	Pre – Retirement LG (True Bearing)	Lancashire Constabulary (Support Staff)	Member	23
22/04/2024	Making sense of your pension	Open to all LCPF members	Member	2
23/04/2024	Making sense of retirement	Open to all LCPF members	Member	2
07/05/2024	LGPS Scheme Essentials	Burnley College	Employer	1
13/05/2024	Pre – Retirement LG (True Bearing)	Lancashire County Council	Member	21
15/05/2024	Employer Responsibilities	Blessed Edward Bamber Catholic Multi Academy Trust	Employer	1
20/05/2024	Making sense of your pension	Open to all LCPF members	Member	8
21/05/2024	Making sense of retirement	Open to all LCPF members	Member	5
03/06/2024	Pre – Retirement LG (True Bearing)	Lancashire County Council	Member	20
04/06/2024	Pre – Retirement LG (True Bearing)	UCLan	Member	14
11/06/2024	Submitting Monthly Returns	Lancaster City Council	Employer	1
		Forward As One		1
		UCLan		1
		STAR Academies Multi Academy Trust		2
		Learning Together Trust		1
		Preston College		1
		Blackburn with Darwen Borough Council		1
		GLL		1
		Wyre Borough Council		1

Summary of data table (previous page):

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 visits and support sessions held with LCPF employers.

Date	Session	Employer Name
15/04/2024	Support Meeting	Preston College
26/04/2024	Support Meeting	Burnley College
14/05/2024	Virtual Employer Visit	Burnley Borough Council
21/05/2024	Virtual Employer Visit	Blackpool Coastal Housing
21/05/2024	Virtual Employer Visit	Lancaster & Morecombe College
24/05/2024	Support Meeting	Stir Foods
06/06/2024	Support Meeting	Blackpool and the Fylde College

1.3 Engagement Team Update

All employer training sessions are available to employers to book on and are open for multiple employers. Employers are expected to book on these sessions themselves. A communication was sent to all employers on 4th June inviting them to book onto training sessions, which resulted in additional Lancashire employer bookings to the training sessions in the week that followed.

From 10th June, a prompt on the employer page of the LPPA website was launched to encourage all employers (including LCPF) to sign up to training.

The team are reviewing how employers respond following the delivery of employer training sessions – although we do see good levels of attendance in the session, we currently get low levels of response when we issue feedback surveys following the training (not enough to report on).

1.4 PensionPoint update (12 June)

- Active members 26,462
- Deferred members 16,432
- Retired members and beneficiaries – 24,140
- **Total – 67,034**
- This represents around 33% of the total LCPF membership base.
- PensionPoint follow up [emails](#) have been sent to LCPF members who haven't yet registered
- **PensionPoint website** updated to improve the member experience – new descriptions on calculator pages, improved signposting throughout and 'page loading' wording added.

1.5 LCPF member and employer emails

- [P60 emails](#) sent to LCPF retired members
- Retired member newsletter sent to retired members by [email](#)
- [Member panel email](#) sent to get feedback on new retirement web pages
- Pension Pulse [bulletin](#) sent to all LCPF employers in May

- Final monthly return [reminder emails](#) sent to all LCPF employers
- Employer training reminder [email](#) sent to LCPF employers

1.6 LPPA website development

- Member retirement web pages updated with [How are my benefits calculated](#) section.
- [P60 web page](#) link added to 'Popular Topics' section of the LPPA website home page.
- **Pension Pay dates** [web page](#) updated for 2024/25
- [Pension increase page](#) updated with new tab system to make it easier to navigate.
- [Pension contributions page](#) updated and navigation improved
- [Complaints and appeals page](#) updated to add clarity
- [Forms and documents page](#) updated.

1.7 Letter review project

- All key retirement letters have now been reviewed and updated to improve clarity and provide a standardised format.
- Currently working through Bereavement letters to review and update.

1.8 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 Q2 2024/2025

- PensionPoint feedback is being reviewed so that we can continue to make improvements to the site.
- **Employer training sessions** will continue throughout Q4 with sessions on:
 1. Monthly Returns
 2. Employer responsibilities
 3. Scheme essentials
 4. Absence and ill health

From Q2 the employer engagement team will be taking a new approach to training. As well as the sessions being bookable via the LPPA website, we will also be contacting employers directly to sign them up to training and work with them to improve their performance (including the submission of on-time / accurate monthly data returns, and the submission of on-time leaver forms).

- Active and deferred member newsletter to be sent to LCPF members by email in July/August (and hosted on the LPPA website). **This will encourage members to register with PensionPoint, and prompt them to nominate a beneficiary using their online account**

- More LPPA website developments are being planned to improve the user experience and search functions of the website – including updates to the retirement section and ABS page.
- Annual benefit statements to be updated to PensionPoint by end of August 2024. We will email those LCPF members where we hold an email address – with additional signposting to PensionPoint to be added to the LPPA website and employer toolkit.
- We will continue to communicate with any LCPF members affected by the age discrimination remedy (McCloud), with regular updates to the dedicated page on the LPPA website.
- A review of LPPA member letters will continue throughout the year as we continue to review and update the existing format and content.

Lancashire Local Pension Board
Meeting to be held on Tuesday, 9 July 2024

Electoral Division affected:
N/A;

Lancashire County Pension Fund - Governance Compliance Statement
Appendices 'A' and 'B' refer

Contact for further information:
Junaid Laly, Special Projects Pensions Lead, 01772 532767,
Junaid.Laly2@lancashire.gov.uk

Brief Summary

The Fund has undertaken a review of the content in its Governance Compliance Statement. The detail in this report provides the background behind the requirements and the purpose of this review.

Recommendation

The Local Pension Board is asked to consider and comment on the revised Governance Compliance Statement attached at Appendix 'A' and recommend it to the Pension Fund Committee for approval.

Detail

There are a number of sources of regulation/guidance covering the Governance Compliance Statement as detailed below:

- 1) **Regulations** - The Fund is required to produce, keep under regular review and revise as appropriate, a Governance Compliance Statement in accordance with regulation 55 of the Local Government Pension Scheme Regulations 2013.
- 2) **Guidance** - In addition to regulation 55, the 2019 CIPFA guidance – Preparing the Annual Report suggests what further content should be included in the statement and advises that a copy must be included in the published Pension Fund Annual Report and Accounts. This guidance is still in place and has not been superseded by that at (3). These requirements are 'should haves' or 'could haves'.
- 3) **Guidance** - In April 2024, the Department for Levelling Up, Housing and Communities (DLUHC) provided some updated guidance on preparing the annual report. This guidance looks to streamline the content in the Annual

Report and Accounts and states that the Fund is not required to publish the Governance Compliance Statement in full but can link to a published version on its website with a summary of the report. It effectively provides a checklist of requirements to enable the Fund to conduct a compliant self-assessment.

At the time of writing this report the Fund officers plan to incorporate the full Governance Compliance Statement within the Lancashire County Pension Fund Annual Report.

Review of the Governance Compliance Statement

Appendix 'A' to this report provides an updated version of the Governance Compliance Statement following a review by the Fund Officers. This is a streamlined version of the Governance Compliance Statement however still meets the mandatory requirements specified under regulation 55.

The current version of the Governance Compliance Statement can be accessed via the Fund's website by clicking [here](#). This document will allow members of the Board to view the differences between the existing statement and the updated version at Appendix 'A'.

Appendix 'B' to this report provides a gap analysis of the updated Governance Compliance Statement compared against the requirements set out in regulation 55 and the 2019 CIPFA guidance - Preparing the Annual Report.

The gap analysis demonstrates that this version of the statement meets the requirements set out in the Regulations and CIPFA guidance.

Next Steps

Fund Officers will consider any feedback from this meeting and if appropriate will incorporate it into the statement. Following this, the statement will be presented to the Pension Fund Committee – as part of the Lancashire County Pension Fund Annual Report - on 13th September 2024 for approval.

A full copy of the statement will be published on the Fund's website once it is approved by the Committee.

Appendices

Appendix 'A' and 'B' are attached to this report. For clarification it is summarised below and referenced at relevant points within this report.

Appendix	Title
Appendix 'A'	Governance Compliance Statement (Updated version – 2024)
Appendix 'B'	Gap analysis against the requirements set out in regulation 55 and the 2019 CIPFA - Preparing the Annual Report guidance

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

A sound Governance Compliance Statement which reflects the reality of the operation of the Fund represents a key assurance for members that the control framework is operating appropriately to manage risk.

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

Paper	Date	Contact/Tel
CIPFA – Preparing the Annual Report	March 2019	Junaid Laly/01772532767
DLUHC – Preparing the Pension Fund Annual Report	April 2024	Junaid Laly/01772532767

Reason for inclusion in Part II, if appropriate

N/A



Governance Compliance Statement

September 2024

DRAFT

Introduction

Under regulation 55 of the LGPS Regulations 2013, all Local Government Pension Schemes (LGPS) in England and Wales are required to publish a Governance Compliance Statement.

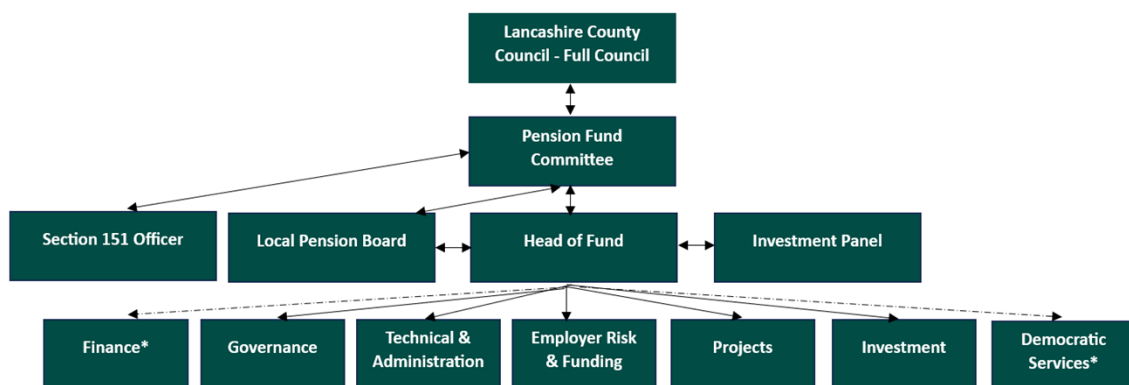
Lancashire County Pension Fund (the Fund) has its own specific governance arrangement and controls which sit within the overall governance framework of Lancashire County Council.

As the Administering Authority the County Council is responsible for making decisions relating to the operation of the Fund, including the following:

- To ensure that the Fund operates in accordance with the Local Government Pension Scheme regulations,
- To monitor and review all aspects of the Fund's performance, which includes administration and investment,
- The collection of employee and employer contributions, investment income and other amounts to the Fund as stipulated in the regulations,
- To ensure that cash is available to meet the Fund's liabilities,
- To ensure that assets are invested in accordance with the Fund's Investment Strategy Statement,
- The development, maintenance and implementation of various policies and strategies as required under the Local Government Pension Scheme Regulations, which ensures effective governance of the Fund.

Fund Governance

The governance structure of the Fund is as follows:



*This denotes that the Finance and Democratic Services Functions are part of the wider support to the Fund Team and do not directly report to the Head of Fund

The Pension Fund Committee

The Pension Fund Committee fulfils the role of 'Scheme Manager'¹, as set out in regulations, for the Fund which includes the administration of benefits and the strategic management of Fund investments and liabilities.

It is responsible for establishing, and monitoring progress on, the strategic objectives of the Fund through a Strategic Plan.

The Pension Fund Committee is a non-executive committee of the County Council with a constitution of 19, made up of 12 County Councillors and 7 voting Co-opted members as set out below:

- One representative of the further and higher education sector in Lancashire;
- One representative of Blackburn with Darwen Borough Council;
- One representative of Blackpool Council;
- Two Trade Union representatives; and
- Two representatives of the Lancashire Borough and City Councils.

The Pension Fund Committee meets on a quarterly basis.

The Terms of Reference for the Pension Fund Committee can be found using the link below (page 34):

[full-constitution-230524.pdf \(lancashire.gov.uk\)](https://www.lancashire.gov.uk/media/230524/full-constitution-230524.pdf)

The County Council has established two bodies to assist and support the Pension Fund Committee to oversee the Fund:

- The Investment Panel; and
- The Lancashire Local Pension Board.

The Investment Panel

The Investment Panel consists of the Head of the Fund and a minimum of two Independent Investment Advisers.

The Investment Panel provides expert professional independent advice to the Pension Fund Committee in relation to investment strategy and supports the Head of Fund with the specialist advice as required by the Pension Fund Committee. The Investment Panel meet on a quarterly basis or otherwise as necessary to review the Fund's long term investment strategy and monitor the construction and performance of the Fund.

The full Terms of Reference for the Investment Panel can be accessed by the link below (page 41)

[full-constitution-230524.pdf \(lancashire.gov.uk\)](https://www.lancashire.gov.uk/media/230524/full-constitution-230524.pdf)

Lancashire Local Pension Board

As required by the Public Service Pensions Act 2013, the County Council as administering authority established the Local Pension Board to assist in the good governance of the scheme by ensuring the Fund's compliance with legislation and statutory guidance. Part of the remit of the Board is:

¹ A person or body responsible for managing or administering a pension scheme established under section 1 of the 2013 Act. In the case of the LGPS, each Fund has a Scheme Manager which is the Administering Authority.

- to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS,
- to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
- in such other matters as the LGPS regulations may specify.

The Terms of Reference for the Local Pension Board are available via the link below (page 48). [full-constitution-230524.pdf \(lancashire.gov.uk\)](https://www.lancashire.gov.uk/media/230524/full-constitution-230524.pdf)

The Local Pension Board is non-executive body which consists of 9 members and is constituted as follows:

- An independent member selected by the Pension Fund Committee who is not a member of the Lancashire County Pension Fund and who will be the Chair of the Board.
- 4 employer representatives on the following basis:
 - 2 nominated from Lancashire County Council.
 - 1 nominated from unitary, city or borough councils or Police and Fire bodies.
 - 1 nominated following consultation with other employers within the Fund.
- 4 scheme member representatives drawn from the membership of the Fund.

The Local Pension Board meet on a quarterly basis and review items specified in the Board's Workplan. The workplan is updated each year and approved by the Pension Fund Committee.

Knowledge and Skills

The Fund is required under section 248a of the Pension Act 2004, as amended by the Public Service Pensions Act 2013 and coupled with the Pension Regulators General Code of Practice, to ensure that members of the Pension Fund Committee and Local Pension Board have sufficient level of knowledge and understanding to undertake the roles and functions of the positions they have been appointed to.

The Fund have developed a training plan for Board and Committee which is developed in line with the CIPFA Knowledge and Skills Framework for LGPS Committee Members and LGPS Officers (2021) and CIPFA Local Pensions Board (2015). The training courses incorporated in the training plan are identified following the Fund officers undertaking a learning needs analysis.

Officers

The Pension Fund Committee delegates specific functions to the Head of Fund/Senior Pensions Officer, the Director of Law and Governance/Monitoring Officer and Executive Director of Resources/Section 151 Officer.

The Head of Fund is designated as the officer responsible for the management of the Fund, which includes leading and delivering strategy, accountability to the Pension Fund Committee and Local Pension Board and financial and investment management of the Fund.

[lancashirecountypensionfund.org.uk](https://www.lancashirecountypensionfund.org.uk)

The Head of Fund may authorise the Senior Officers of the Fund to exercise on their behalf the functions delegated to them.

The Officers of the Fund adhere to the County Council's employee Code of Conduct which sets out behavioural standards that must be upheld by all staff. The details of the employee's code of conduct can be found below:

[Code of Conduct for Employees - Lancashire County Council](#)

Accountability and Publication of Information

Details of Pension Fund Committee and Local Pension Board meetings, including agenda and minutes are publicly available via the County Council's Website.

Meetings of the Pension Fund Committee and the Local Pension Board are accessible to the press and public except where they are excluded from the meeting when items being discussed are exempt from the press and public under part 1 of schedule 12A of the Local Government Act 1972.

The Fund's Annual Report and Accounts is published by 1st December each year and can be viewed on the Fund website at [Publications - Pension Fund \(lancashirecountypensionfund.org.uk\)](#)

Risk Management

The management of risk is central to the activities of the Fund. It has established its own risk management arrangements that include the following:

- the Fund has a 'Risk Management Framework' policy which is reviewed periodically and sets out key risk areas and the risk management arrangements for managing all risks for the Fund;
- Risks are monitored and assessed on a quarterly basis and reported to the Pension Fund Committee and Local Pension Board at each quarterly meeting;
- Additional oversight is provided by the County Council's Audit, Risk & Governance Committee.

The 'Risk Management Framework' can be viewed by accessing the following link: [Publications - Pension Fund \(lancashirecountypensionfund.org.uk\)](#)

Conflicts of Interest and Code of Conduct

The Fund has established a Conflicts of Interest policy that sets out its approach to identifying, monitoring, and managing conflicts of interest for members of the Local Pension Board.

In addition to the policy there is also Lancashire County Council Members and Co-Opted Members' Code of Conduct which all members of the Pension Fund Committee and Local Pension Board are required to adhere to.

Full details of the members and co-opted members code of conduct can be viewed by accessing the following link:

[Code of Member Conduct - Lancashire County Council](#)

lancashirecountypensionfund.org.uk

Members of the Pensions Fund Committee and Local Pension Board are required to complete declarations of interest and a Register of Interests is maintained for County Councillors. The Declaration of Interests is also a standing agenda item at all meetings of both the Pension Fund Committee and the Local Pension Board. In addition, elected members are expected to follow the policies agreed by the Local Authority, including the relevant Councillor Code of Conduct.

LANCASHIRE COUNTY PENSION FUND GOVERNANCE COMPLIANCE STATEMENT

The table below shows how the Fund complies with the standards set out by the Secretary of State for Levelling Up, Housing and Communities as required under Regulation 55 of the LGPS regulations 2013. The statement sets out where the Fund is fully compliant with the guidance and provides an explanation where it is not fully compliant.

<p>A. Structure</p>	<p>(a) the Management of the administration of benefits and strategic management of Fund assets clearly rests with the main committee established by the appointing Council</p> <p>(b) that representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee (1)</p> <p>(c) that where a secondary committee or panel has been established, the structure ensures effective communication across both levels.</p> <p>(d) that where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.</p>	<p>√</p> <p>Partial (see Note 1)</p> <p>√</p> <p>Partial (see Note 2)</p>
<p>B. Representation</p>	<p>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. (1)</p> <p>These include:</p> <p>(i) employing authorities (including non-scheme employers, e.g. admitted bodies)</p> <p>(ii) scheme members (including deferred and pensioner scheme members)</p> <p>(iii) independent professional observers (2)</p> <p>(iv) expert advisers (on an ad hoc basis)</p>	<p>Partial (see Notes 1 and 3)</p>

C. Selection and Role of Lay Members	That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee. (It is the role of the administering authority to make places available for lay members and for the groups to nominate the representatives. The lay members are not there to represent their own local, political, or private interest but owe a duty of care to their beneficiaries and are required to act in their best interests at all times).	√
D. Voting	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	√
E. Training/Facility time/Expenses	(a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	√
	(b) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	√
F. Meetings – Frequency	(a) that an administering authority's main committee or committees meet at least quarterly.	√
	(b) that an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sit.	√
	I that administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented	√
G. Access	That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls	√

	to be considered at meetings of the main committee.	
H. Scope	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	√
I. Publicity	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.	√

Not-s - Reasons for partial compliance

- 1) Unitary councils, City/Borough Councils and further and higher education employers, are represented. Other admitted bodies only represent 16.6% of contributors to the Fund and are therefore not represented. However, all employers receive a full Annual Report and are alerted to important events. Although employee representatives, i.e., trade unions, do not formally represent deferred and pensioner scheme members, it is accepted that representation is available to deferred and pensioners members via this route where necessary and/or appropriate. In addition, the interests of all scheme members and employers are specifically represented in the composition of the Local Pension Board.
- 2) Members of the Investment Panel are in attendance at the Pension Fund Committee and recommendations are made to the Committee, as appropriate, as well as an update on investment performance.
- 3) Guidance envisaged that an independent professional observer could be invited to participate in governance arrangements to enhance the experience, continuity, knowledge, impartiality and performance of committees or panels which would improve the public perception that high standards of governance are a reality and not just an aspiration. This role is currently performed by the Fund's independent advisers and officers, and it is not apparent what added value such an appointment would bring.

Governance Compliance Statement

Introduction

In accordance with Regulation 55 of the LGPS Regulations 2013, all LGPS Funds in England and Wales are required to publish a Governance Compliance Statement. This guidance specifies what must be incorporated within the Governance Compliance Statement and each requirement is outlined below.

In addition to the above regard should also be had to the 2019 CIPFA guidance for preparing the annual report. This guidance specifies what should or may be covered in the annual report and content we may wish to include.

There is also guidance recently issued from the Department for Levelling Up, Housing and Communities (DLUHC) on preparing the Annual Report, which includes guidance on governance content incorporating Governance Compliance Statement requirements.

Assessment

The tables below outline the requirements -under regulations and CIPFA guidance - and show where the requirements are covered within the revised Governance Compliance Statement. Comments confirm where content has not been included.

An equivalent exercise is being undertaken by Fund Officers on the DLUHC guidance for the Annual Report. This early analysis indicates good compliance by the Fund with those requirements. Analysis has not been provided here as it is being considered separately within the Annual Report project workstream.

Key:

Priority	
Must	This information must be included, this is specified in regulation 55 as a mandatory requirement for the Fund.
Should	This information should be included, this is specified in CIPFA guidance as a best practice requirement for the Fund.
May	This information may be considered to be included, this is specified in CIPFA guidance as a best practice requirement for the Fund.

Met within Governance Compliance Statement?	
Yes	In-house assessment by Fund Officers indicates that this information requirement has been included in the Governance Compliance Statement
No	In-house assessment by Fund Officers indicates that this information requirement has not been included within the Governance Compliance Statement itself but may be elsewhere in the Annual Report

Regulation 55

Requirement	Priority	Met	Comment
Whether the authority delegates its functions, or part of its functions under these Regulations to a committee, a sub-committee, or an officer of the authority;	Must	Yes	
The terms, structure, and operational procedures of the delegation	Must	Yes	
The frequency of any committee or sub-committee meetings,	Must	Yes	
Whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights;	Must	Yes	
The extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying.	Must	Yes	
Details of the terms, structure and operational procedures relating to the local pension board established under	Must	Yes	
Process			
An administering authority must keep a statement prepared under paragraph (1) under review, and make such revisions as are appropriate, following a material change to any of the matters mentioned in that paragraph.	Must	Yes	This process is being undertaken now. Document last reviewed and updated in September 2023
Before preparing or revising a statement under this regulation, an administering authority must consult such persons as it considers appropriate.	Must	Yes	Consultation taking place with LPB and PFC. Democratic services will review this as well
An administering authority must publish its statement under this regulation, and any revised statement.	Must	Yes	Updated statement will be published on the LCPF Website

CIPFA Guidance

Requirement	Priority	Met	Comment/Section
the respective roles and responsibilities of the pensions panel, pensions or investments committee, local pensions board and any related sub-committees or advisory panels, explaining whether each one is executive or advisory	Should	Yes	Covered under PFC, IP and LPB under Fund Governance in the Annual Report and Governance Compliance Statement
membership of each panel, board, committee or sub-committee with a matrix showing each member's voting rights, record of attendance at meetings and details of training received during the reporting period	Should	No	Covered under PFC, IP and LPB. Attendance at meetings will be covered under the training and attendance section of the annual report
how the CIPFA Knowledge and Skills Framework has been applied	Should	No	Covered under Knowledge and Skills
how oversight and governance of the asset pool takes place	Should	No	Covered under Pension Fund Committee, Investment and Administration Services and Risk Management in Annual Report
other key elements of the governance structure (e.g. key officers, risk management arrangements)	Should	Yes	Section Governance Structure, Officers, and Risk Management. Also in the Governance Compliance Statement
policies and processes for managing conflicts of interest (e.g., codes of conduct, register of interests).	Should	Yes	Covered under Conflicts of Interest and Code of Conduct within Governance Compliance Statement
a commentary on the work undertaken during the year by both the pensions committee (or equivalent) and the local pension board	Should	No	This is covered under a separate report of the Local Pension Board and Pension Fund Committee
a copy or summary of any annual report produced by the pensions committee (or equivalent) and/or the local pension board, or	Should	No	This is covered under a separate report of the Local Pension Board and Pension Fund Committee
explanations of how codes of conduct operate in practice	May	No	Application of the Codes of conduct and protocol available through the link

details of training offered and take-up (training is mandatory for local pension board members but not for a pensions committee)	May	No	This will be covered in a separate report in the annual report
how the fund meets the requirements of the CIPFA/SOLACE <i>Good Governance Framework</i> .	May	No	Removed to streamline content however codes of conduct advises on principles on undertaking public duties.

Lancashire Local Pension Board
Meeting to be held on Tuesday, 9 July 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

Brief Summary

An update on pension related training involving members of the Pension Board since the last meeting.

Recommendation

The Pension Board is asked to review the report and any feedback from individual Board members in relation to training they have received.

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 Lancashire Local Pension Board.

Since the last meeting members of the Pension Board have participated in the following internal/external pension related training or watched recordings of the training in the online library for Board members.

23rd 24th April Local Government Pension Scheme Pooling Symposium.

Attended by Ms F Miller (Chair)

21st May 2024 – Internal Workshop on Investments

Participants – Scheme member representatives Ms G Hart and Ms D Parker and Employer representative Mr M Davies (viewed recording in online library)

3rd June 2024 Internal Workshop – Technical Update

Participants - Ms F Miller (Chair). Employer representative Mr S Dunstan, and Scheme member representatives Ms G Hart and Ms D Parker (viewed recording online).

11-13th June 2024 PLSA Local Authority Conference.

Participants - Ms F Miller (Chair) Employer representative Mr S Dunstan, and Scheme member representative Mr K Ellard.

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 Plan seeks to apply best practice and to ensure compliance with guidance from CIPFA and the Pensions Regulator. Failing to implement an adequate Training Plan 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 General Code of Practice and the legislative requirements that this code interprets.

Financial

The Fund's Training Plan forms part of the governance and risk management arrangements which seek to ensure that the members of the 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 attendance at training events, together with 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
Approvals by the Head of Fund under the Scheme of Delegation to Heads of Service for attendance at external Conferences/Events.	23rd March 2024 25 th March 2024	Mike Neville (01772) 533431
Attendance sheet for internal pension related workshops.	21 st May 2024 3 rd June 2024	Mike Neville (01772) 533431

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

Lancashire Local Pension Board
Meeting to be held on Tuesday, 9 July 2024

Electoral Division affected:
None;

Lancashire Local Pension Board - Annual Report 2023/24
(Appendix 'A' refers)

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

Brief Summary

The draft 2023/24 Annual Report on activity by the Lancashire Local Pension Board is presented for consideration and, if approved, referral to the Pension Fund Committee as the Administering Authority for the Lancashire County Pension Fund.

Recommendation

The Board is asked to:

1. approve the draft Lancashire Local Pension Board 2023/24 Annual Report, as set out at Appendix 'A', and recommend it to the Pension Fund Committee on 13th September 2024 for approval and inclusion in the Lancashire County Pension Fund Annual Report.
2. authorise the Chair of the Local Pension Board to make any minor amendments to the Lancashire Local Pension Board 2023/24 Annual Report that arise following a review of the content in the LCPF Annual Report and Accounts to minimise duplication.

Detail

The Chair of the Lancashire Local Pension Board has produced the attached draft Annual Report for 2023/24 (attached at Appendix 'A'). The Terms of Reference for the Lancashire Local Pension Board include the requirement that the Board "shall on an annual basis produce a report on both the nature and effect of its activities for consideration by the Administering Authority".

Subject to the Board's approval, the Annual Report will be presented to the Pension Fund Committee on 13th September 2024 for consideration and, if approved, will

then be incorporated into the Lancashire County Pension Fund's Annual Report when it is submitted to Full Council for approval later in the year.

The Lancashire County Pension Fund Annual Report includes content on governance, administration and investment activity and will be produced in line with recently issued guidance from the Department for Levelling Up, Housing & Communities on 'Preparing the Pension Fund Annual Report'. It is possible that some information contained in previous Lancashire Local Pension Board Annual Reports will now appear in the broader content of the Fund's Annual Report.

Accordingly, some streamlining of the Lancashire Local Pension Board Annual Report may be required where there is duplication. However, it is anticipated that this will be limited in nature/extent and will be agreed with the Chair of the Board before issuing to the Pension Fund Committee.

Consultations

The Chair of the Lancashire Local Pension Board

Implications:

This item has the following implications, as indicated:

Risk management

There are no significant risks associated with the proposals set out in this report.

Local Government (Access to Information) Act 1985

List of Background Papers

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

Lancashire Local Pension Board – Annual Report 2023/24

I was appointed to the Local Pension Board (“the Board”) in November 2023 and as such this is my first report as Independent Chair of the Board (“the Board”). Since inception of Boards in the LGPS nine years ago the legal remit to assist the Pension Fund Committee (“the Committee”) with oversight and the effective running of the Fund has not changed. Over that period Lancashire has been at the forefront of developing the activities and governance arrangements for its Board and thus I was delighted to be appointed to join a well-established, efficient Board with a committed membership, strong governance, and a good working relationship with the Committee.

The Fund operates on an outsourced model with a focus on strategy, governance, funding and oversight with the responsibility for investment implementation and for administration to Local Pensions Partnership Investments Limited (LPPI) and Local Pensions Partnership Administration Limited (LPPA) respectively.

The Board now has an established role and continually strives to find ways to add value within the Fund’s governance structure, including continually looking to enhance the representation of scheme members and employers voice in the governance of the Fund.

We have an established way of setting, and monitoring against, our objectives which is tried and tested and working effectively. At the core is an annual Work Plan, approved by the Committee, to ensure that we cover all the activities we should and that our workflow is aligned with theirs. Our regular duties at every meeting include reviewing and commenting on the reports and compliance assurances which support the Fund’s activities. We review the service performance indicators and any breaches which may have occurred as well as the risk register for the Fund. We may additionally focus on specific governance or administration projects or areas, including at times working with Officers or members of the Committee.

Our role is to assist the Committee and a good relationship between the two bodies is therefore essential. I discuss matters of importance with County Councillor Pope (Chair of the Committee) and attend as many Committee meetings as I can. We also regularly welcome County Councillor Pope and other Committee members to our meetings.

Membership of the Board

This year has seen significant membership change, including myself as a new Chair, two Board members left and four others came to the end of their second term of office. Under the succession plan, new Board members have been recruited and appointed

and the Board is now back to full strength with all Board members in post and working effectively. Whilst accepting that significant turnover takes time to bed in, the succession planning was well executed and the mix of expertise on the Board remains well balanced. However, whilst the recruitment progress looked at candidates' general knowledge and specific expertise, the recruitment panel also considered how they might add to the diversity of the Board, sadly other than gender balance other diversity factors remain an issue and one as Chair I will take into consideration in assessing any ways to help strengthen our understanding and considerations going forwards.

Attendance of Board Members at Meetings

The Board has a cycle of 4 meetings each year and details of attendance are provided within the Governance section of this report. *[Note – this report will appear within the Lancashire County Pension Fund Annual Report and this cross reference is to the Governance section of the Fund's Annual Report]*

Training

The Board is under a legal obligation to ensure its members maintain their levels of knowledge and understanding through regular training. Details of training are provided within the Governance section of this report. *[Note – this report will appear within the Lancashire County Pension Fund Annual Report and this cross reference is to the Governance section of the Fund's Annual Report]*

Board Resources

The Board is well supported by Fund officers from LCC and has a budget to cover both its expenses and to allow it to commission reports if required. During the year the cost of running the Board came to £11410.94 which was mainly in relation to the independent chairs fees and expenses relating to training of board members and attendance at meetings.

Activities

In 2024 the Board spent significant time on the completion of the implementation and training for staff and employers for the new pension administration system at LPPA and new financial system at LCC, including administering monthly data collection across these new systems. In addition, the Board (i) considered governance issues such as the forthcoming General Code of Practice (ii) proposed an enhanced service level metric for administration services, (iii) considered the timely and accurate production of member annual benefit statements.

The issue of adequate resourcing both at LCC and LPPA has been considered a high risk, and this has been debated regularly over the past 12 months. I was therefore pleased to see positive movement on this towards the end of the year and to see the difference new recruits are having both in terms of capability and morale in the respective teams.

Recognising the effect that the systems implementation issues have had on communication and engagement issues, again whilst there is still work to do in this area, recent evidence indicates progress is now being made on online member engagement, and employer communication.

Significant attention has been given to developing Performance Indicators that focus activities on delivering an improved experience for both our members and employers. Whilst we have seen improvement there is still some way to go to embed the reporting and monitoring of these indications so we can evidence consistently good performance from LPPA, employers and other parties.

That said there are areas where there is good news that should not get lost in the administration issues, e.g. the funding level, investment performance and progress implementing McCloud.

The core of the Board's work remains one of oversight. At each meeting, we look at any breaches of the regulations and consider the Key Performance Indicators. This year we also reviewed the requirements for the General Code of Practice and the Fund's activity around the cyber security requirements within the new General Code. Board members are all users of the Fund, (either as employers or scheme members of the Fund), and in many cases have specific expertise which is the basis for providing useful and relevant feedback to the Committee.

In his report last year, the previous Chair commented that significant regulatory change was expected over this year, and sadly the lack of policy guidance and regulation continues to hamper progress across the LGPS. The Board has done significant oversight work in readiness for the receipt of the Pensions Regulators General Code of Practice and its receipt which codified and streamlined previous guidance was welcomed.

However, whilst we took a step forward with the issuance of the consultation from DLUHC (the Department of Levelling UP, Housing, and Communities) on new investment regulations and guidance, including further requirements on pooling and possibly levelling up, which we took time to actively consider and respond to, no changes to the regulations or guidance has been forthcoming on the back of this consultation. Additionally, new statutory guidance to implement the recommendations made in the Scheme Advisory Board's 2019 Good Governance project remain outstanding.

Looking ahead to next year the Board's activities are likely to continue to focus on the embedding of the new pension administration software, work towards the anticipated regulatory changes identified above and any matters following the election.

Under the Board's Terms of Reference, I am required to make a statement in respect of my annual review of the Board's effectiveness. I conducted this in January 2024 (through a series of one-to-one meetings with Board members and others) and made recommendations which were discussed at our Board meeting in April 2024. I believe the Board operates effectively and efficiently and fulfils its legal and regulatory requirements.

The Board is supported by Officers from the Pension Fund and the Democratic Services teams at Lancashire County Council. The Board's ability to function and the Fund's success in dealing with the considerable challenges relies on their efforts. On behalf of the Boards members, as well as myself personally, I would like to finish by thanking them.

Fiona Miller, Independent Chair of the Lancashire Local Pension Board
April 2024

Lancashire Local Pension Board
Meeting to be held on Tuesday, 9 July 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

This report relates to the Part I reports considered at the most recent 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 14th June 2024 and any decisions taken.

Detail

At the meeting on 14th June 2024 the Pension Fund Committee considered several reports in Part I of the agenda (available to the press and public) which included those listed below.

- Constitution, Membership and Terms of Reference of the Pension Fund Committee
- Minutes of the last meeting.
- **Budget Monitoring 2023/24 - Q4**
- 2023/24 Training Record and feedback from members of the Committee on pension related training.
- Responsible Investment
- Urgent Business (supplementary agenda – LPP Articles of Association to be considered in Part II).
- Date of Next Meeting – 10.30am on 13th September 2024 in Committee Room 'A' The Tudor Room at County Hall, Preston.

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:

Implications:

This item has the following implications, as indicated:

Risk management

There are no significant risk management implications associated with this report.

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

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

Agenda Item 14

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

Document is Restricted

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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)

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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 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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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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Agenda Item 19

(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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