

Lancashire Local Pension Board

**Minutes of the Hybrid Meeting held on Tuesday, 18th January, 2022 at 2.00 pm
in Savoy Suite 2 in The Exchange at County Hall, Preston**

Present:

Chair

William Bourne

Board Members

Tony Pounder, Employer representative - LCC (resignation effective after meeting)*
County Councillor Matthew Salter, Employer representative - LCC
Steve Thompson, Employer representative - Unitary, City, Boroughs, Police and Fire
Carl Gibson, Employer representative - Other Employers
Kathryn Haigh, Scheme Member representative
Yvonne Moulton, Scheme Member representative
Deborah Parker, Scheme Member representative*
Kevin Ellard, Scheme Member representative

In attendance

Sean Greene, Head of Pension Fund, Lancashire County Council
Colin Smith, Technical Adviser Pensions, Lancashire County Council
Julie Price, Senior Technical Pensions Officer, Lancashire County Council.
Mukhtar Master, Governance & Risk Officer, Lancashire County Council
Junaid Laly, Senior Governance Officer Pensions.
Mike Neville, Senior Democratic Services Officer, Lancashire County Council.
Jo Darbyshire, Managing Director, Local Pensions Partnership Administration*.

Observers

County Councillor Eddie Pope, Chair of the Pension Fund Committee
County Councillor Alan Schofield, Chair of the Audit Risk and Governance Committee.
Laura Sales, Director of Corporate Services & Monitoring Officer Lancashire County Council*
Andrew Dalecki, Head of Service - Internal Audit, Lancashire County Council*
Glyn Peach, Employer representative - LCC (w.e.f. 19th January 2022)

* indicates the person dialled into the hybrid meeting.

1. Welcome and Apologies

The Chair welcomed everyone to the meeting and noted that no apologies had been presented.

Mr Peach, who would take over from Mr Pounder as the new Employer representative for the County Council with effect from the 19th January 2022, introduced himself to the Board.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

No interests were declared at this point in respect of items of business on the agenda.

3. Minutes of the Last Meeting.

Resolved: That the Minutes of the meeting held on the 19th October 2021 are confirmed as an accurate record and signed by the Chair.

4. Feedback on training.

Individual members of the Board gave feedback on their experiences of training which they had participated in since the last meeting. Regarding the workshop on the 6th December 2021 Board members agreed that the topics covered (McCloud and the Investment Service Review) would have been better as the subjects of individual workshops and it was suggested that future workshops focus on a single topic.

Ms Moulton confirmed that she had also participated in the workshop on the Investment Service Based Review, though her name was not referred to in the report.

Resolved:

1. That the feedback from Board members regarding training activity is noted and considered when planning future training to ensure that each internal workshop is focussed on a single subject.
2. That the Training Record be amended to show that Ms Moulton participated in the 6th December 2021 internal workshop on the Investment Service Based Review.

5. Change to Death Grant Policy

Julie Price, Senior Technical Pensions Officer, presented a report on the Death Grant policy which had been revised following consultation with Lancashire Local Pensions Administration Ltd.

In considering the revised policy the Board noted the amendments regarding determination of beneficiary, delegation, and payments to the estate, as set out in the report, which were all considered to be reasonable. However, there were some concerns about the potential impact of a Trust Fund on the ability of an 18-year-old to access state funding regarding further/higher education together with practical issues. Officers were encouraged to explore the potential impacts further before presenting the final version of the revised policy to the Pension Fund Committee for approval.

Resolved: That the views of the Board regarding the potential impact of a Trust Fund on the ability of an 18-year-old to access state funding in relation to further/higher education, together with practical issues, be explored further by the Head of Fund before the final draft Death Grant Policy is presented to the Pension Fund Committee for approval.

6. Regulatory Update

Colin Smith, Technical Advisor Pensions, updated the Board on various pension related regulatory issues.

The Board discussed the level of service from Prudential over the last 18 months and the possibility of exploring alternative AVC providers for the Fund. In response the Head of Fund reported that there would be cost and potential risk implications in transferring members to an alternative provider, however, it is good practice to periodically review providers and this could be potentially explored in the future.

It was also reported that the Public Service Pensions Act 2013 Section 13 report indicated that the Fund was in a strong/healthy position in advance of the 2022 valuation and arrangements had been made for Committee/Board members to be given a presentation on the valuation on the 10th February 2022.

Resolved: That the update on pension related regulatory matters, as set out in the report presented, is noted.

7. Appeals Update

The Board considered a report on appeals received under the Internal Disputes Resolution Procedure for the period 1st January 2021 to the 31st December 2021. It was reported that most appeals related to ill health and the number of Stage 1 appeals had reduced, most likely due to training for employers provided by Local Pensions Partnership Administration Ltd.

The Chair informed the Board that this would be the last meeting which Mr Smith, Technical Advisor Pensions, attended before his retirement. On behalf of the Board the Chair thanked Mr Smith for his valuable service to both the Fund and the Pension Board over the years and wished him well for the future.

Resolved: That the contents of the report are noted.

8. Communications Update

Junaid Laly, Senior Governance Officer Pensions, updated the Board on communications activity by both the Pension Fund Team and Local Pensions Partnership Administration.

The Board noted that since the last meeting the LCPF Annual Report 202/21 had been published on the Fund website and the inclusion of a summary document highlighting specific areas of the Annual Report was welcomed.

It was reported that comments from Board members regarding a standard letter to new joiners of the pension scheme had been fed back to LPPA which was in the process of developing principles to ensure a more consistent communication style in the future. Board members also suggested that greater use be made of email alerts when significant information was published on the LPP website to encourage scheme members to check the website for updates.

The Head of Fund did mention that the general approach by LPP is to encourage members to self service via the portal, however, this point can be considered as part of the Communications Strategy review.

Resolved: That the report is noted.

9. Lancashire County Pension Fund Breaches Report

Junaid Laly, Senior Governance Officer Pensions, informed the Board that since the agenda had been circulated complete data regarding breaches during the period 1st October 2021 to 31st December 2021 had become available and did not change the figures set out in the report. The Board noted that during the specified period there had been 1 breach of contribution payments and 22 incidents which had resulted in corrective action being taken. There had also been 5 data breaches, though none had been deemed significant enough to warrant reporting to the Information Commissioner.

It was further reported that there had been 7 Code of Practice 14 breaches and 2 process breaches during the specified period, none of which had been considered significant enough to require reporting to the Pensions Regulator. In each case corrective action had been taken as soon as the breaches had been identified to minimise or prevent a future recurrence. The Board noted that some errors which resulted in breaches would be directly addressed by new systems to be introduced as part of Project PACE and the Risk and Compliance Committee at LPPA would continue to monitor the situation.

Resolved: That the summary of the Lancashire County Pension Fund Breaches Log for the period 1st October 2021 to 1st December 2021, as set out in the report presented, is noted.

10. LCPF compliance with the requirements of the Pension Regulator

Mukhtar Master, Governance & Risk Officer, presented a report on the revised compliance statement for the Fund in relation to The Pension Regulators Code of Practice No 14.

A Board member suggested that under 'Administration risks' the statement regarding the volume of data managed by LPPA should include more detail. The proposed Single Code of Practice was also discussed, and the Head of Fund confirmed that the Pensions Team was working on an impact assessment that would include consideration of the potential impact for the Board and the Pension Fund Committee.

Resolved: That the comments of the Pension Board specified above be taken into consideration before the revised compliance statement for the Fund is presented to a future meeting.

11. Part I reports considered by the Pension Fund Committee

The Board considered a report on items considered by the Pension Fund Committee on the 26th November 2021 under Part I of the agenda.

- It was noted that the External Audit findings report had been approved by the County Councils Audit, Risk and Governance Committee and the LCPF Annual Report would be updated to include the contents.
- Feedback from the Pension Board had been considered by Task and Finish Group when drafting the revised LCPF Responsible Investment Policy (<https://lancashirecountypensionfund.org.uk/publications/>) which had been approved at the last Pension Fund Committee. It was reported that the Group was due to present a further report to the Pension Fund Committee regarding the RI Dashboard in March 2022.
- The Head of Fund explained the reasons for the variances regarding income and investment fees set out in the 2021/22 Budget Monitoring Report.

Resolved: That the reports considered by the Pension Fund Committee on the 26th November 2021 and subsequent decisions taken are noted.

12. Urgent Business

No items of urgent business were raised under this heading.

13. 2022/23 Programme of meetings

Resolved: That the 2022/23 programme of meetings for the Pension Board as set out below is approved, with all meetings to start at 2.00pm and be held in The Exchange at County Hall, Preston.

5th July 2022
18th October 2022
24th January 2023
4th April 2023

14. Date of Next Meeting

It was noted that the next scheduled meeting of the Pension Board would be held at 2.00pm on the 26th April 2022 in The Exchange at County Hall, Preston.

Jo Darbyshire, the Managing Director of Local Pensions Partnership Administration Ltd dialled into the meeting at this point.

15. Exclusion of Press and Public

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

The Chair briefly paused the meeting at this point while the live web stream was turned off.

16. Local Pensions Partnership Administration - Update

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

Jo Darbyshire, the Managing Director of Local Pensions Partnership Administration Ltd, updated the Board on various pensions administration matters including Project PACE, the first phase of which would go live on the 25th January 2022, with the second phase (including Lancashire) due to go live in Autumn 2022.

The Board considered the breakdown of payments made outside 30 days from the date of retirement set out in the report and noted that the current target in the Service Level Agreement would be reduced to 5 days which would reduce the figure for elapsed time.

It was suggested that in future LPPA encourage scheme members to give at least 2-3 months advance notice of retirement, and employers to provide detailed information to enable retirements to be processed in a timely fashion. Communication with scheme members was also discussed and the Board suggested that greater use of email alerts and that more information be published on the Fund website.

It was also noted that implementation of Project PACE for Lancashire was expected to lead to a reduction in breaches as the requirement for manual handling of information would be reduced

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

17. LCPF Risk Update

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

Mukhtar Master, Governance & Risk Officer, presented a report on five key risks associated with investments from the Risk Register for the Fund.

The Board discussed local investments within the Real Estate portfolio and noted that information regarding such investments was presented to the Pension Fund Committee as part of the reporting on responsible investment and included in the LCPF Annual Report. It was also noted that an update on the Park Hotel development in Preston would be presented to the next meeting of the Committee.

The Board also reviewed the new templates for individual risks and suggestions were made as to how future reporting could be improved, focussing on the key risks across the Register and developing the information presented regarding controls, events which relate to the risk and actions taken to mitigate risk, so that the templates were evolving documents that would provide greater assurance.

Resolved: That the improved reporting around individual risks, as set out in the report presented, is welcomed and that the Head of Fund and Pensions Team continue to work with others to develop future reporting by

- a) focussing on key risks identified across the Risk Register.
- b) including, when appropriate, more detailed information in the templates for individual risks regarding the controls in place, events during the quarter that have influenced the current risk rating and any activity taken to mitigate the risk.

18. Part II reports considered by the recent Pension Fund Committee

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

The Head of Fund reported that the Pension Team continued to review data ahead of the Valuation and indications were that the Fund was in a strong position in terms of the data collected.

It was reported that the position of independent Investment Adviser to the Fund had been advertised and arrangements were in place for the Appointments Sub Committee to shortlist applications and interview candidates before the successful candidate is presented to the Committee in March 2022.

Resolved: That the reports considered by the Pension Fund Committee on the 26th November 2021 under Part II of the agenda and subsequent decisions taken are noted.

Mr T Pounder

The Chair informed the Board that this would be the last meeting attended by Mr Pounder as an employer representative of the County Council and thanked Mr Pounder for his contributions to the work of the Board over the last 4 years.

County Hall
Preston

L Sales
Director of Corporate Services