

## **Lancashire Local Pension Board**

**Minutes of the Meeting held on Tuesday, 26th April, 2022 at 2.00 pm in the Arthur Suite - The Exchange - County Hall, Preston.**

### **Present:**

#### **Independent Chair.**

William Bourne

#### **Board Members.**

County Councillor Matthew Salter, Employer representative - LCC

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

Carl Gibson, Employer representative - Other (remotely)

Kathryn Haigh, Scheme Member representative

Yvonne Moulton, Scheme Member representative

Kevin Ellard, Scheme Member representative

#### **In attendance.**

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

Julie Price, Technical Pensions Lead, Lancashire County Council.

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

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

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

Jo Darbyshire, Managing Director, Local Pensions Partnership Administration.

### **1. Welcome and Apologies**

The Chair welcomed everyone to the meeting and noted that apologies had been received from Ms D Parker.

### **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.**

It was reported that the 2022/23 Training Plan and the revised Death Grant Policy had been approved by the Pension Fund Committee on 11<sup>th</sup> March 2022.

Regarding item 8 (Communications Update) the Head of Fund reported that a copy of the revised standard letter for new joiners would be circulated to Board members for information and that the use of email alerts would be explored further as part of the review of the Communications Strategy of the Fund.

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

#### 4. Annual Review of the Lancashire Local Pension Board.

The Chair presented a report summarising the main points from his discussions with individual Board members and others as part of the Annual Review of the effectiveness of the Pension Board in January 2021.

##### Resolved:

1. That the allocation of specific areas of activity to Board members, who will have lead responsibility during discussions, is approved as set out in the table below.

Area	Includes	Board Members
Compliance with regulations and statutory guidance	TPR, LGPS regulations	K Haigh & K Ellard
Communications	Engagement, Comms policy	D Parker & C Gibson
Administration	KPIs, ABSs, admin breaches	Y Moulton & S Thompson
IT	Systems, data protection, cyber	G Peach & M Salter
Investment policy documents	Investment Strategy Statement, actuarial report, Responsible Investment.	D Parker & S Thompson
Service providers governance	LPP, custodian, audit	G Peach & Y Moulton
Risk	Risk Register	C Gibson & K Ellard

2. That the Board revert to face to face meetings as the default format, albeit with facilities for presenters to present online as required, and that all future Board meetings be scheduled to last 2½ hours.
3. That induction training for new Board members be reviewed and suitable external training identified.
5. **2021/22 Training Record and feedback from members of the Board on pension related training**

A report was presented on the Training Record for 2021/22 which reflected the participation of individual Board members in external/internal training events over the last 12 months. It was noted that the Training Record had informed figures presented in the Pension Board Annual Report elsewhere on the agenda which, if approved, would be incorporated into the Lancashire County Pension Fund Annual Report.

Individual Board members gave feedback on their experience at training events since the last meeting.

**Resolved:** That the feedback from individual Board Members on their experiences at the training events referred to in the report together with the contents of the Training Record for 2021/22, as set out in the Appendix, are noted.

## **6. Lancashire Local Pension Board - Annual Report**

The Chair presented a report on the draft 2021/22 Lancashire Local Pension Board Annual Report which highlighted key areas of activity undertaken by the Board during the previous year and included information regarding attendance at meetings, participation in internal/external training and the operational cost of the Board.

### **Resolved:**

1. That the draft Annual Report 2021/22, be updated to include the attendance of Board members at the meeting in April 2022.
2. That, subject to the amendment referred to at 1 above, the 2021/22 Annual Report, as set out at Appendix 'A' to the report presented, is recommended to the Pension Fund Committee on 17<sup>th</sup> June 2021 for approval and inclusion in the Lancashire County Pension Fund Annual Report.

## **7. Regulatory Update**

Julie Price, Technical Pensions Lead, presented a report on various pension related regulatory issues including the following.

- The 2022/23 employee contribution bands.
- Prudential and AVCs.
- The Pension Regulator's new single Code of Practice.
- The Department of Work and Pensions response to the consultation on 'Stronger Nudge to pensions guidance'.
- Royal assent for the Finance Act 2022 and
- McCloud.

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

## **8. Lancashire County Pension Fund Breaches Report**

Junaid Laly, Senior Governance Officer Pensions, reported that during the period 1<sup>st</sup> January 2022 to 31<sup>st</sup> March 2022 there had been one breach in contribution payments and four data breaches, none of which had been deemed significant enough to warrant reporting to the Information Commissioner. The Board noted that the outstanding contribution payment was being pursued through the escalation process and, if necessary, the payment would be recovered from the surplus of the employer concerned.

Regarding administration breaches it was noted that there had been one COP14 breach and 2 process breaches, none of which considered to be material or worthy of reporting to the Pension Regulator. In all three cases corrective action had been

taken to minimise future recurrence, however, the Board members did ask Officers to explore with LPPA processes regarding disclosure of AVC values as part of retirement processing/correspondence.

The Chair acknowledged that in view of the size of the Fund and the number of transactions with employers/members that some degree of breaches was inevitable.

**Resolved:** That the summary of the Lancashire County Pension Fund Breaches Log for the period 1<sup>st</sup> January 2022 to 31<sup>st</sup> March 2022, as set out in the report presented, is noted.

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

The Head of Fund presented a report on items considered by the Pension Fund Committee on 11<sup>th</sup> March 2022 under Part I of the agenda and reported that in accordance with the approved Strategic Plan 2022/25 the Pensions Team would focus attention on the Valuation and Cyber Security and other initiatives over the next 12 months. He also reported that a Special Projects Lead Officer would be recruited to the Pensions Team to provide further support to the Board and assist with succession planning.

It was further reported that as part of the Training Plan 2022/23 the Pensions Team was considering purchasing an online training system used by several other Funds and arrangements were being made for members of the Committee/Board to be given a demonstration of the system and provide feedback. Both the Chair and Mr S Thompson volunteered to take part in the demonstration of the Hymans Online Academy.

In response to a query the Head of Fund confirmed that the Responsible Investment report to the Pension Fund Committee in June 2022 was expected to reference the impact of recent events in Ukraine on global markets.

### **Resolved:**

1. That the Chair and Mr S Thompson be included in the list of participants to be invited to the demonstration of the Hymans Online Academy in May 2022.
2. That the reports considered by the Pension Fund Committee on 11<sup>th</sup> March 2022 and the decisions taken are noted.

## **10. Urgent Business**

No items of business were raised under this item.

## **11. Date of Next Meeting**

It was noted that the next (face to face) meeting of the Board would be held at 2.00pm on 5<sup>th</sup> July 2022 in the Jordan Suite in The Exchange, County Hall, Preston.

## **12. 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 stream was turned off and the Managing Director of Local Pensions Partnership Administration Ltd joined the meeting at this point.

## **13. Local Pensions Partnership Administration - Update**

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

The Managing Director of Local Pensions Partnership Administration Ltd, (LPPA) updated the Board on various pensions administration matters including compliance with Service Level Agreements, customer satisfaction and the ongoing implementation of Project PACE. Staff recruitment and retention was also discussed, and the Board recognised the importance of succession planning, learning/development, and career progression for the recruitment and retention of quality staff.

### **Resolved:**

1. That the Board is reassured by the updates given at the meeting regarding the pensions administration service and thank the LPPA Managing Director for her attendance.
2. That the Terms of reference for the external audit of the LPPA internal audit function, as set out at Appendix 'B' to the report presented, is noted.

The Managing Director of Local Pensions Partnership Administration Ltd left the meeting at this point.

## **14. Communications Update**

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

The Board considered a report on communications from both a Fund and Local Pensions Partnership Administration (LPPA) perspective. It was noted that LPPA

handled most of the communications regarding the Fund and had adopted a standardised approach across all clients. However, the Board recognised that there was merit in the Fund providing its own tailored communications via the website, provided that could be done in a way which aligned with LPPA activity, avoided duplication, and did not cause confusion.

**Resolved:** That a report be presented to the Board in July 2022 with an update on the development of a communications strategy focusing on project timeline, actions, and input from Board members.

## **15. Lancashire County Pension Fund Risk Management Framework**

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

The Board considered a report on the Risk Management Framework and acknowledged that the updated document was comprehensive with clearly stated roles and responsibilities. Two typographical errors were identified in the document, and it was suggested that reference to the LGPS Investment Regulations 2016 be included in a list of guidance/regulations.

**Resolved:** That, subject to the minor amendments highlighted at the meeting, the Lancashire County Pension Fund Risk Management Framework, as set out at Appendix 'A' to the report presented, is approved, and will be presented to the Pension Fund Committee on 17<sup>th</sup> June 2022 as part of the risk register update.

## **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).

Mukhtar Master, Governance and Risk Officer, presented a report on the latest iteration of the full Risk Register for the Fund, which included the methodology used to determine individual risks, and highlighted four specific risks.

In considering the report the Board acknowledged that the Risk Register continued to improve and was now a 'live' document of a manageable size with clear concise information on individual risks. The interlinking of various risks and how that had the potential to make it difficult to allocate scores to some risks was discussed together with specific identified risks associated with fraud prevention, inflation, and the implications of the ongoing conflict in Ukraine for the global economy.

The Board also identified that a risk analysis be undertaken regarding Local Pensions Partnership Administration (LPPA) staff recruitment and retention and the implementation of multiple systems in 2022 (ie the County Council Oracle/Fusion transition project alongside implementation of project PACE at LPPA).

**Resolved:** That the comments of the Board regarding the contents of the full Fund Risk Register, as set out at Appendix 'A' to the report presented, are noted, and taken into consideration when updating the Register in the future.

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

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

The Head of Fund presented a report on the Part II reports considered by the Pension Fund Committee on 11<sup>th</sup> March 2022 and updated the Board on decisions taken. It was noted that the Committee had approved the detailed report on the conclusions from the Investment Service Based Review and that further work was underway regarding the Asset Management Agreement.

**Resolved:** That the reports considered by the Pension Fund Committee on 11<sup>th</sup> March 2022 under Part II of the agenda and the decisions taken are noted.

Laura Sales  
Director of Corporate Services

County Hall  
Preston