

LOCAL PENSION BOARD (LPB)

Minutes of the Meeting

Date: Tuesday 20 September 2022
Time: 10.00-12.30
Location: Room G.03, 169 Union Street, London, SE10LL

Present:	William Bourne Mike Allen Stephen Boon James Cherry Jasbir Sandhu Amy Sweeting Surendra Wanza	LPB Chair (“ Chair ”) Member representative Employer representative Member representative Employer representative Employer representative Member representative
In attendance:	Helen Astle Robert Branagh John Crowhurst Chris Dawson Anastasia Klimenko Michelle King Alistair Peck Siobhán O’Shea	LPFA Chief Legal and Compliance Officer (“ CLCO ”) (items 5 to 7 only) LPFA Chief Executive Officer (“ CEO ”) LPP Administration Ltd (“ LPPA ”) Commercial Director (item 3.1 to 3.13 only) LPPA Head of Engagement and Communications (item 3.1 to 3.13 only) LPFA Chief of Staff LPFA Finance Director (for training session only) LPFA Head of Communications and Engagement LPFA Governance Manager
Observer:	Rita Bajaj	LPFA Board Member

TRAINING: ANNUAL REPORT AND ACCOUNTS PROCESS

The Chair welcomed the LPFA Finance Director who provided a presentation on the annual report and accounts process.

[The formal meeting commenced at 10:30]

1. LPB158 – INTRODUCTORY MATTERS

Submission

To present an update on several matters arising in relation to minutes and action points from the previous meeting held on 21 June 2022.

Discussion

- 1.1 The Chair welcomed all attendees to the meeting, including Rita Bajaj, LPFA Board Member, who was attending to observe.
- 1.2 Apologies
Apologies for absence had been received from Sean Brosnan (LPB Employer representative) and Omolayo Sokoya (LPB Member representative).
- 1.3 Declarations of interest
No new interests were declared in advanced of, or at, the meeting. The LPB noted the standing declaration by the LPFA CEO regarding any administration matters under discussion relating to his role as the LPFA shareholder appointed statutory director representative on the LPPA Board.

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Minutes, and actions points

- 1.4 The minutes from the last LPB meeting held on 21 June 2022 were approved and it was agreed that the Chair's electronic signature could be used to sign the document.
- 1.5 The LPB confirmed that it was satisfied with the status of all the action points reflected as completed or in progress. The LPFA Governance Manager provided an update on two ongoing actions. It was explained that as a decision had been taken to remain with the current board portal provider for another 12 months, consideration on the feasibility of introducing an LPB reading room would be revisited early next year as part of this project, to which the Chair reiterated LPB's interest in this matter being progressed. It was also confirmed that two LPB members had yet to complete the Pensions Regulation ("tPR") Public Sector Toolkit, albeit one had recently confirmed progress towards completion.
- 1.6 The Chair reminded Board Members that the annual LPB appraisal process was due to commence, noting that this exercise was focused on the overall efficiency of LPB rather than the performance of individual members. The process of completing the Chair's one to one meetings with each member was outlined, and LPB members concurred with the Chair's suggestion that each member be requested to complete a short form to be circulated prior to these meetings.

The LPB:

1. **Approved** the minutes of the meeting held on 21 June 2022 as a true and accurate record of that meeting, and the use of the Chair's electronic signature to confirm the minutes;
2. **Noted** the matters arising - action list including all the items which had been completed or closed; and
3. **Noted** the 2022/23 LPB Annual Appraisal process.

2 LPB159 – CEO REPORT

Submission

To present an update on Fund activities from the CEO since the last meeting held on 21 June 2022.

Discussion

- 2.1 The LPFA CEO introduced the report, which was taken as read. He highlighted the number and variety of conferences and other external events he had attended in recent months, noting that these provided a valuable opportunity for positive LPFA engagement with others in the pension sector.
- 2.2 The LPB was updated on staff changes since the last meeting, which included one leaver and the recruitment of a new Facilities and Office Manager and part-time People and Culture Manager, both of whom had joined LPFA earlier in the month. The Chair asked whether current staffing levels (approximately 20) had reached an optimum level for the organisation both now and looking ahead, to which the LPFA CEO advised that staffing levels had been considered to be appropriate to meet organisational demand over the past year. However, this matter would be considered by the LPFA Board at its forthcoming Awayday as part of discussions on LPFA's priorities and the resulting impact on resources. The LPFA CEO reported that in view of the increase in activity in this area, a new Responsible Investment ("RI") Manager had recently been appointed. Consideration was also being given on whether a dedicated pensions administration specialist should be recruited, to which one LPB member highlighted the importance of ensuring that contract management expertise be included in the job description of any such role, and agreed to forward details of relevant training on this topic to the LPFA CEO. **ACTION: S Boon.**
- 2.3 Further to questions raised, the LPFA CEO explained that the LPFA Board was responsible for ensuring that the organisation was properly resourced. The LPFA Board Awayday provided a valuable opportunity for the Board to focus on strategic matters, which in turn informed subsequent business planning discussions that formed the basis of the annual process to set the Strategic Policy Statement ("SPS") and Medium Term Financial Plan ("MTFP"). The LPB was advised that both documents were subject to considerable internal scrutiny, as well as being submitted to the Mayor of London for comment once

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approved by the LPFA Board. Responding to a query from the Chair, the LPFA CEO clarified that LPPA was currently in the process of updating its target operating model (“**TOM**”), following which LPFA would refresh its own TOM in 2023.

- 2.4 Turning to Local Pension Partnership (“**LPP**”) activity during the reporting period, the LPFA CEO reported that following a successful recruitment process, Fiona Stark had been appointed as the Interim LPP Chair in July 2022. The process to appoint a replacement Chair of LPPA had also concluded, with Ron Jarman, an incumbent Non-Executive Director (“**NED**”) appointed to this role. One external candidate, Richard Thomas, had been appointed to the Board as a NED.
- 2.5 The LPFA CEO advised that notwithstanding some ongoing staff recruitment and retention issues, Project Pension Administration Core Evolution (“**PACE**”) was proceeding to plan at LPPA, and LPFA had not experienced any significant issues with the new Universal Pensions Management (“**UPM**”) in recent months. It was also explained that implementation of Phase Two of the project, which would include Lancashire County Council (“**LLC**”), was due to commence shortly.
- 2.6 The LPB was informed that there had been good progress on the LPP Governance Project, with recommendations and possible next steps having been communicated to shareholders. It was also noted that consultants had been selected for the forthcoming Local Pensions Partnership Investments Limited (“**LPPI**”) Business Review.
- 2.7 The LPB was updated on the work of the LPFA Net Zero Working Party, which was working with external consultants to support the LPFA Board in setting interim targets to assist LPFA towards achieving net zero portfolio emissions by 2050. Responding to questions raised, the LPFA CEO confirmed the LPFA Board had decided to publish these targets in the interests of transparency and belief that doing so would help derisk the Fund in the future. There was currently no legal obligation to do so but in time such obligations would be mandated for LGPS Funds. Similarly LPPI had elected to voluntarily publish its own net zero targets ahead of incoming legislation affecting private sector organisations from 2023.
- 2.8 Finally, the LPFA CEO provided an update on the 2022 actuarial valuation process, explaining that the results of the Fund Actuary’s calculations, including proposed future contribution rates, were expected to be provided in October 2022 for onward communication to employers. It was confirmed that the initial indications were that at aggregate level, the funding position would have improved relative to 2019. The Funding Strategy Statement (“**FSS**”) consultation period had recently closed and the LPFA Communication and Engagement Manager confirmed that LPFA had been pleased to receive 12 responses as at the previous valuation only one response had been received.

The LPB **NOTED** the updates contained in the CEO report related to the LPFA organisation and the LPFA Board.

3 LPB160 –LPPA QUARTERLY CLIENT PERFORMANCE AND MEMBER ENGAGEMENT REPORT

Submission

To present an update on Fund activities from the CEO since the last meeting held on 21 June 2022.

[The LPPA Commercial Director and LPPA Head of Engagement and Communications joined the meeting]

Discussion

- 3.1 The LPPA Commercial Director introduced the report, explaining that overall operational performance against contracted service level agreements (“**SLA**”) for the reporting period had been 85 percent against the temporarily relaxed SLAs of 90 percent for high priority issues and 70 percent for other case types. It was explained performance against SLAs had been adversely impacted by the short-term impact and expected issues from the implementation of phase one of UPM through PACE. The LPPA Commercial Director commented on the importance of recognising that the fundamental change to how performance was measured in UPM compared to the previous system made it more difficult for LPPA to meet SLAs. However, it was important to recognise that UPM improved case processing efficiency, with a new triage

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process meaning that cases were more proactively dealt with from the outset. The LPB was also advised that the data to be included in the next quarterly report was anticipated to demonstrate a reduction in end-to-end elapsed times. It was also stated that from the end of September 2022, it would be possible to communicate with employers directly through the Employer Portal.

- 3.2 One member of LPB asked for more information on the internal communications taking place with LPPA staff around the fact that LPFA's client SLAs had not been achieved for the quarter, to which it was explained that organisational performance messages were cascaded to staff. The LPPA Commercial Director advised that the ongoing staff recruitment and retention issues being experienced by LPPA, and the pension administration industry more widely, inevitably impacted on staff morale. Given the continuing difficulties in recruiting to vacant positions, it was explained that LPFA management were also seeking to address matters through staff training.
- 3.3 It was also explained that one recent improvement to process through UPM was that where an SLA was not met for a process, the administrator completing the process was asked to review and provide a comment as to what had impacted this. This data would be analysed and provide useful information on the potential reasons.
- 3.4 The LPPA Commercial Director acknowledged that despite improvements to case handling arising from the introduction of UPM, this had not yet resulted in higher member satisfaction scores although it was hoped that there would be some positive impact on these by Q2 2022/23. Furthermore, as these scores covered all funds that LPPA provided administration services for, further data analysis was being performed to determine whether the issues related to a specific client. In response to questions raised, it was clarified that the customer satisfaction scores were based on a one to three rating system, which was complemented with free text comments boxes. It was confirmed that LPPA was analysing these comments with a view to initiating follow up discussions with some individuals who had made free text comments to investigate further the issues raised. The LPPA Head of Engagement and Communication also confirmed that prior to the launch of UPM, LPPA had proactively communicated the forthcoming changes to members and employers to manage expectations around possible disruption in the short-term and signpost to alternative methods of contact in the event that Pension Helpdesk wait times were higher than usual.
- 3.5 Responding to a query from the Chair, the LPPA Commercial Director did not have precise figures to hand for LPPA performance in Q2 2022/23 to date, but cautioned that it was possible that the 95 percent overall SLA target would be missed for a second quarter albeit it was anticipated that overall performance trends were improving. He also agreed to revert to the LPB following the meeting with further information on the reasons for the significant difference in performance between 'Retirements – Deferred' and 'Retirements – Active' cases given that performance against target was significantly lower for the latter. **ACTION: J Crowhurst**
- 3.6 The LPPA Commercial Director was pleased to report that in the last three months, the Pensions Helpdesk average wait time had been below four minutes. The steps that LPPA had taken to improve wait times following the post UPM implementation spike were further explained, and the LPB heard that LPPA had recruited a dedicated Helpdesk trainer, introduced new targets for Helpdesk staff and upskilled the Web Enquiry Team. It was advised that whilst these steps meant that LPPA was in a better position than previously, it would be unrealistic to expect wait times to remain below four minutes during the early stages of Phase Two PACE implementation.
- 3.7 The LPB was advised that the tPR scores at the end of Q1 2022/23 had been 97.1 percent for common data and 91.3 percent for conditional data, with the latter showing a slight deterioration against the 95 percent target. The LPPA Commercial Director cautioned that this was the first time these scores had been reported through UPM, adding that this was a seasonal trend for Q1 each year during when significant year end processing activity took place, and from Q2 2022/23 a graph would be introduced to the reporting to show rolling 12 month trends. In response to a question from one LPB member, the LPPA Commercial Director did not consider there to be any direct link between member portal registrations and tPR accuracy scores.

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- 3.8 The LPB heard that Annual Benefit Statements (“**ABS**”) had been issued to members who elected to receive this information by post by the statutory deadline of 31 August 2022, and for any members that didn’t have an ABS produced (due to unresolved data queries), a second production run was planned by the end of November. Communication to these members would be through a combination of email and postal activity.
- 3.9 The LPPA Engagement and Communication Manager provided an update on employer engagement and communication activity since the last meeting. It was explained that following on from the launch of UPM in February 2022, the key areas of focus for the Employer Engagement Team in Q1 2022/23 had been to provide ongoing support and training to LPFA employers around registration, log in and navigation of the Employer Portal. In addition, business as usual training had been delivered to LPFA employers on topics such as Employer Scheme Essentials and Scheme Leavers.
- 3.10 The LPB was advised that in addition to a series of year end return emails issued to LPFA employers in Q1 2022/23, LPPA had recruited an additional dedicated resource to ensure follow up engagement with employers who missed the deadline. To date, only five employers covering 102 members had still not submitted their year-end return and it was anticipated that the remainder would be submitted in the near future.
- 3.11 It was noted that to date, almost 18,000 LPFA members had registered on PensionPoint, representing approximately 19.5 percent of the Fund’s membership.
- 3.12 Other key engagement activity that had taken place during the reporting period had included:
- The launch of LPFA employer toolkit communications;
 - P60 emails issued to contactable retired members within the statutory deadline;
 - The issue of the Spring newsletter to retired members and a summer newsletter to all contactable active and deferred members; and
 - The inclusion of a new page on the LPPA website to support financial intermediaries and independent financial advisors who needed to contact LPPA to understand the transfer process and timescales when supporting their clients.
- 3.13 In conclusion, the LPPA representatives were thanked for attending the meeting.
- [The LPPA Commercial Director and LPPA Head of Engagement and Communications left the meeting]*
- 3.14 Once the LPPA representatives left the room the LPB continued a brief discussion on the matters covered during their presentation. During this discussion, one LPB member had challenged whether it was possible to rely on tPR data accuracy scores given the current PensionPoint registration levels, and the LPFA CEO agreed to follow up on this point again with the LPPA representatives following the meeting. **ACTION: R Branagh.**
- 3.15 Whilst the vast majority of ABS had been published by the statutory deadline of 31 August 2022, the Chair queried whether the small number not been issued at that time, due to unresolved data issues, would be reported as a breach to the regulator. In response, the LPFA CEO advised that internal discussions were currently in progress with LPPA to understand the volume and specifics. However, it was likely that the matter would be voluntarily reported to the tPR as an ‘amber’ breach. Points were also raised in discussion on the fact that regardless of how good systems and controls were, it was not practical to achieve 100 percent data accuracy.
- 3.16 It was also noted that the LPPA representatives had not provided a response on a query that had been raised during their presentation on why the performance metrics reported did not include divorce cases, to which the LPFA CEO agreed to follow up on this point. **ACTION: R Branagh.**

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The LPB:

1. **Noted** the LPFA Quarterly Client Report and update for Q1 (2022/23) including the key performance indicator (“KPI”) performance detailed within the report; and
2. **Noted** the Engagement and Communications activities over the reporting period.

4 LPB161 – LPFA CORPORATE COMMUNICATIONS UPDATE

Submission

To provide an update on corporate communications activity since the last meeting.

Discussion

- 4.1 The LPFA Head of Communications and Engagement provided an overview of LPFA engagement activity since the last meeting. He outlined that in August 2022, cyber security provider Arcturus had undertaken the annual penetration testing test of the LPFA website, with the overall conclusion being that the web application was well configured; only three low and one medium risk issues were identified, and these were in the process of being addressed.
- 4.2 It was explained that there had been 4,600 visitors to the LPFA website between 1 June and 8 September 2022, and the transparency dashboard had around 60 users per month. The LPB heard that in recent months, the Communications Team had increased content related to the triennial valuation process on LinkedIn. Attention was also drawn to the planned member and employer communications scheduled for the autumn in connection with net zero activity, including the publication of LPFA’s Investor Climate Action Plan in November 2022. This would include communication in the autumn edition of Fund News and the launch of an interactive web page.
- 4.3 The LPFA Head of Communications and Engagement also updated that LPFA was awaiting Planet Mark accreditation for 2021/22. For 2022/23, the intention was to expand the range of data captured for Planet Mark, and consequently both LPB and LPFA Board members would be asked to submit data relating to all travel on LPB business. It was explained that the disclosure requirements would not be onerous, and the precise details would be communicated in the near future.
- 4.4 In response to a request for suggestions, one LPB member thought that it would be helpful for inflation/ the cost of living to be raised at the forthcoming Employer Forum on 29 September 2022 as a possible area of questioning. LPB members were also encouraged to submit any further suggestions to the LPFA Head of Communications and Engagement offline following the meeting.
- 4.5 Turning to feedback from the member survey, the LPFA Head of Communications and Engagement advised that work to investigate the use of the Pension and Lifetime Association’s (“PLSA”) Retirement Living Standards would be taken forward once some current priorities, including delivery of the Annual Report, were completed. In addition, when the new RI Manager joined LPFA in October, they would progress work to communicate more on RI on the website.
- 4.6 Finally, the LPFA Head of Communications and Engagement outlined a proposal to replace the previous LPFA/LPPA working group with a more strategically focused Customer Experience Group, which would work with LPFA to identify strategic issues and provide input into planned LPFA-driven projects. It was clarified that whilst LPPA had convened an informal meeting of the previous working group earlier in the month, going forward meetings would be formalised and chaired by the LPFA Head of Communications and Engagement with the membership comprising of LPB members, LPFA’s Communications and Employer teams and LPPA.

The LPB **noted** LPFA’s communications activity over the period.

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5 LPB162– COMPLIANCE OVERSIGHT AND REGULATION REPORT

Submission

To provide LPB with an update on regulatory and compliance matters related to the Fund.

Discussion

- 5.1 The LPFA CLCO introduced the report, noting that there had been two exceptions to report regarding the Local Pensions Partnership (“LPP”) SLA for Q1 2022/23. One of these, a significant IT outage on 24 April 2022, had not be included in the report. It was noted that although the overall outage had been from Saturday 23 April until Tuesday 26 April 2022, as it had started over a weekend, the impact on LPPA staff had been less than 24 hours. The LPB heard that the problem had resulted from an expired security certificate, the existence of which Civica had been unaware of until the outage. The LPFA CLCO advised that LPFA had not been made aware of this incident until after the event. Consequently, it had since been agreed that LPFA would be informed of any future outages within a two hour period so that any appropriate communications could be put on the LPFA website promptly. In response to a point raised, the LPFA CLCO also agreed to follow up regarding the root cause analysis of the outage and subsequent steps to address the identified controls gap that had led to the incident. **ACTION H Astle**
- 5.2 Further to a suggestion made by one LPB member, the LPFA CLCO concurred that it might be beneficial to include a specific SLA relating to IT systems availability as part of the current work taking place to review the overall SLA with LPP. However, it was clarified that as the LPPA budget was apportioned across its clients, it was not appropriate to seek to include penalties for not meeting SLAs.
- 5.3 LPB heard that there had been a significant increase in complaints from 21 in Q4 2021/22 to 59 in Q1 2022/23. Some of these had related to the IT outage as well as the knock on effect of migration to UPM, but LPPA had been provided assurances that since complaint levels had peaked in May 2022, there had been a month on month reduction in the numbers.
- 5.4 The LPFA CLCO reported that the new measures put in place from Q1 2022/23 with regard to the freedom of information (“FOI”) request process was already resulting in performance improvements. Whilst LPFA FOI requests continued to be processed by LPPI, the LPFA Compliance and Regulation Manager now provided monitoring and oversight from an LPFA perspective to ensure that responses were provided within the 20 day statutory deadline. In response to a question raised, it was clarified that the previous issues on response times had now been resolved, and the LPPI Company Secretarial team was appropriately resourced to provide the required service.
- 5.5 It was noted that in accordance with the LPFA Compliance Framework, the Compliance Monitoring Plan was updated on a regular basis to track regulatory compliance and audit actions. In response to a point raised by one LPB member, it was agreed that the narrative on the action taken in respect of LPFA pension administration controls should be expanded to include assurance on the fact that the issues identified in the Benefit Calculation audit had been investigated and rectified. **ACTION: H Astle**
- 5.6 The LPB was updated that the new Data Protection Policy presented to LPB in June had since been approved by the LPFA Board.
- 5.7 With reference to the recent cyber security audit, it was explained that five identified actions had now been completed and the remaining six were underway with LPPI. It was further noted that LPPI had recently attained National Cyber Security Centre (“NCSC”) Cyber Essentials accreditation, which provided evidence that LPPI was compliant with, and externally validated against the national cyber security standards.
- 5.8 The LPB noted the LPFA Administering Authority Pension Discretions Policy attached at Appendix 3, and which had been reviewed and updated in accordance with regulatory requirements, and which was scheduled to be considered by ARC later in the month before the LPFA Board in October. The Chair encouraged any LPB members with comments on the policy to submit these to the LPFA CLCO offline after the meeting.

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The LPB:

1. **Noted** compliance with TPR Code of Practice 14;
2. **Noted** the compliance oversight of the LPP Group;
3. **Noted** the LPFA Compliance Update;
4. **Noted** the LPFA Administering Authority Discretions Policy;
5. **Noted** the Assurance Statement on Cyber Security provided by LPPI; and
6. **Noted** the regulatory and horizon scanning updates.

6. LPB163- GOVERNANCE, PUBLIC POLICY STATEMENTS AND LPB FORWARD PLANNER

Submission

To present the LPFA Corporate and Strategic (“**C&S**”) Board session minutes from 19 July 2022 (draft), the forward planner and the annual review of the LPB terms of reference (“**ToR**”) for onward submission to the LPFA Board.

Discussion

- 6.1 The LPB noted the LPFA Corporate and Strategic Board session minutes from the meeting held on 19 July 2022 and the LPB forward planner.
- 6.2 As part of the annual review process, it was explained that the LPFA CLCO had reviewed the LPB ToRs and proposed some minor amendments, as set out at Appendix 3, which LPB was requested to approve for onward submission to the LPFA Board. In addition, the LPB Chair, highlighted the view that paragraph 2.1 should be altered to reflect that the LPB’s membership should comprise of equal numbers of four employer and member representatives. In turn, the LPFA CLCO noted that the current wording of “*at least three*” had been used to provide a degree of flexibility. In discussion, it was agreed that:
 - The LPFA Chief Legal and Compliance Officer should revisit the current wording of paragraph 2.1 to ensure that it accurately reflected the LPB’s membership requirements;
 - The statement that “*Any matter that is not approved will be reported to the LPFA so long as it receives the approval of 50 percent of the members*” should be removed on the basis that this statement did not reflect how the LPB operated; and
 - The typographical error in paragraph 5.2(f) should be amended to read “IDRP”. **ACTION: H Astle/ S O’Shea**

The LPB:

1. **Noted** the LPFA Board C&S minutes from 19 July 2022;
2. **Noted** the LPB Forward Planner; and
3. **Approved** the LPB Terms of Reference for onward submission to the LPFA Board subject to the prior amendments set out in paragraph 6.2.

7. ANY OTHER BUSINESS

- 7.1 The date of the next meeting was scheduled on 29 November 2022 at the LPFA Union Street Office.
- 7.2 There being no further business, the Chair closed the meeting at 12.02.

W Bourne
William Bourne, LPB Chair

_____ **1st December 2022** _____

Date: