

LOCAL PENSION BOARD (LPB)

Minutes of the Meeting

Date: Tuesday 29 November 2022
Time: 10.00-12.30
Location: Room G.03, 169 Union Street, London, SE10LL

Present:	William Bourne Mike Allen Sean Brosnan James Cherry Jasbir Sandhu Amy Sweeting Surendra Wanza	LPB Chair (“ Chair ”) Member representative Employer Representative Member representative (via MS Teams) Employer representative Employer representative Member representative
In attendance:	Mark Anderson Robert Branagh Chris Dawson Adam Fisher Anastasia Klimenko Janet Morville-Smith Alistair Peck Siobhán O’Shea	LPFA Compliance and Regulation Manager LPFA Chief Executive Officer (“ CEO ”) LPP Administration Ltd (“ LPPA ”) Head of Engagement and Communications (item 5.1 to 5.11 only) LPPA Commercial Manager (item 5.1 to 5.11 only) LPFA Chief of Staff LPPA Head of Risk and Compliance, Pensions Administration (training session only) LPFA Head of Communications and Engagement LPFA Governance Manager

TRAINING: PENSION DASHBOARDS

The Chair welcomed the LPPA Head of Risk and Compliance, Pensions Administration who provided a presentation on pension dashboards.

[The formal meeting commenced at 10:30]

1. LPB164 – INTRODUCTORY MATTERS

Submission

To present an update on several matters arising in relation to minutes and action points from the previous meeting held on 20 September 2022.

Discussion

1.1 The Chair welcomed all attendees to the meeting.

1.2 Apologies

Apologies for absence had been received from Stephen Boon (LPB Employer representative) and Omolayo Sokoya (LPB Member representative).

Declarations of interest

1.3 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.

FOR PUBLIC RELEASE

Minutes, and actions points

- 1.4 The minutes from the last LPB meeting held on 20 September 2022 were approved and it was agreed that the Chair's electronic signature could be used to sign the document.
- 1.5 The Chair presented his annual report summarising the main themes and issues arising from his appraisal meetings with each LPB member and setting out recommendations for consideration. In discussion, Surendra Wanza (Member representative) agreed to join Mike Allen as the second LPB representative on the LPFA/LPPA Customer Experience Working Group, thus addressing one of the recommendations made.
- 1.6 It was further noted that LPB members had indicated a desire to receive training on investment governance. The LPFA CEO expressed his support for this proposal.
- 1.7 Finally, it was noted that it would be beneficial for LPB to hold a strategy type session to consider its strategic objectives and any change to priorities or activities the Board might undertake in future. There was support for this suggestion, and it was agreed that it would be helpful to add some time and an item to the agenda for the next LPB meeting inviting members to reflect on the top areas they thought that the LPB should cover over the coming year. **ACTION: LPFA Governance Manager**

The LPB:

1. **Approved** the minutes of the meeting held on 20 September 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 LPB165 – CEO REPORT

Submission

To present an update on Fund activities from the CEO since the last meeting held on 20 September 2022.

Discussion

- 2.1 The LPFA CEO introduced the report. He highlighted that he and the LPFA Funding and Risk Director ("FRD") had attended a session of the Greater London Authority ("GLA") Oversight Committee on 12 October 2022 where questions had been raised on pensions administration, responsible investment and governance.
- 2.2 The LPB was advised that following the departure of the LPFA Chief Legal and Compliance Officer ("CLCO") at the end of September, the Compliance and Regulation Manager and the Governance Manager were covering the activities previously undertaken by the CLCO in the short term. The Compliance and Regulation Manager was also acting as the interim Monitoring Officer. In response to a question raised, the LPFA CEO advised that he was considering how best to address recruitment needs in the longer term. The LPB was provided with assurances that the CLCO's departure did not give rise to any issues regarding operational continuity, or create any additional significant risks for the LPFA.
- 2.3 The LPFA CEO advised that the migration of Lancashire County Council ("LLC") onto the Universal Pensions Management ("UPM") system as part of phase two of Project Pension Administration Core Evolution ("PACE") had gone well. Phase three had been approved to proceed in the near future, with a view to all LPPA clients being migrated to UPM by the end of the year. It was anticipated that service improvements and process efficiencies from UPM would begin to be realised in 2023.
- 2.4 The LPFA CEO was pleased to report that following Board approval, LPFA had published its Investor Climate Action Plan ("ICAP") at the start of November.

FOR PUBLIC RELEASE

- 2.5 The LPB heard that the LPFA Fund Member Forum (“**FMF**”) on 29 September and the Employer Forum on 16 November had both been successful events. On behalf of LPFA, he thanked the Chair for stepping in at short notice to give a presentation at the Employer Forum.
- 2.6 One issue highlighted on the FMF was the fact that whilst 700 individuals had registered, only 200 members attended in person, with a further 100 online. As such, further consideration was being given to options for increasing attendance next year. Whilst the LPFA Head of Communications and Engagement explained that at present there was no precise breakdown of attendee type, the general consensus was that the vast majority of FMF attendees were retired members. One LPB member pointed out that a later start time might be beneficial for individuals in this category given that they would then be able to use their Freedom Pass to travel to the event. This was agreed and would be implemented for the next FMF. Whilst a query was raised on the overall value of the FMF, both the LPFA CEO and LPFA Head of Communications and Engagement both spoke positively on the extent to which it was beneficial for LPFA to engage with members in this way. It was noted that the FMF allowed the LPFA to engage directly with members on issues of importance to them, and to show to LPFA stakeholders that the Fund was being well run and well invested and demonstrated accountability and transparency. As a way to ensure that the event provided value-for-money, the LPFA was considering using a smaller venue and putting the emphasis on encouraging members to join online.
- 2.7 During discussion, the LPB agreed that live streaming was a helpful way in which the FMF was more accessible to active members than might otherwise be the case, and heard that the event was recorded so it could be accessed at a later date. The LPFA Head of Communications and Engagement also concurred with a point raised by one member on the importance of employer engagement as a route to targeting active members to attend the FMF. Furthermore, it was explained that the post event Employer Forum survey results would provide useful information on the areas of communication that employers wished to receive communication from LPFA on. It was important that a balance was found to ensure that employers did not receive too much information from LPFA.
- 2.8 Finally, the LPFA CEO updated that the 2022 valuation process was continuing to progress well. The final Funding Strategy Statement had been approved by the LPFA Board on 27 October, with the valuation results having since been distributed to all participating employers. It was emphasised that of the Fund’s 130 employers, only around 20 were now determined to be in a deficit position. It was also positive to note that despite the current market volatility, the Fund continued to retain a value of approximately £7.4 billion.
- 2.9 The LPFA CEO encouraged LPB members to read the research published by the Pensions and Lifetime Savings Association earlier in the year on the Local Government Pension Scheme (“**LGPS**”), and the LPFA Head of Communications and Engagement agreed to circulate a link to this publication following the meeting. **ACTION: A Peck**

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

3 LPB166– COMPLIANCE OVERSIGHT AND REGULATION REPORT

Submission

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

Discussion

- 3.1 The LPFA Compliance and Regulation Manager introduced the report, outlining the areas of work he was covering following the recent departure of the LPFA CLCO which included, but were not limited to, overseeing the relationship with external counsel and managing asbestos claims. The LPFA CEO added that a key development initiated by the LPFA Compliance and Regulation Manager had been the introduction of monthly multi-functional meetings between LPFA and LPPA to ensure that engagement between the two organisations was more coordinated and effective.

FOR PUBLIC RELEASE

- 3.2 The report was taken as read. With reference to the Q2 2022/23 LPP Compliance Certificate, it was confirmed that LPPA's overall compliance with service level agreements ("**SLAs**") for the quarter had been 90.4 percent against a target of 95 percent. This was attributed to general business disruption resulting from the implementation of Project PACE, along with the differences in how performance was measured in UPM compared to the previous system. The LPB heard that as part of the current implementation phase of PACE, the UPM system was currently being taken offline for a period of three days to allow LPPA to engage with the remaining employers yet to transition onto the system to first resolve any outstanding issues that were preventing them from issuing the final Annual Benefit Statements ("**ABS**") to members. The LPFA Compliance and Regulation further advised that LPPA was working closely with Civica to ensure that all final employer issues relating to ABS were resolved within five days of receipt of the relevant information.
- 3.3 It was noted that with the support of LPPA, LPFA was in the process of establishing a two year roadmap setting out regulatory and other key deadlines so that this could be used for planning purposes and monitoring operations.
- 3.4 One LPB member commented positively on the reduction in complaints in Q2 2022/23 (36) compared with the previous quarter (59).
- 3.5 In response to questions raised, it was clarified that the figures shown for overpayments related to Q2 2022/23 only rather than being a cumulative figure. It was also explained that the annual total for overpayments was reported to the LPFA Board.
- 3.6 The Chair observed that the Fund's total investment costs for 2020-21 and 2022-22 set out in Appendix 2 appeared to be relatively high. In response, the LPFA CEO stressed the importance of looking at fees holistically given that some of the Fund's investments were in assets where fees were charged on a performance related basis. Thus, whilst some fees might appear relatively high, they related to investments with a strong rate of return. It was also confirmed that investment fees were charged in accordance with LPFA's agreed Investment Strategy.
- 3.7 The LPB noted the LPFA Health and Safety Policy and the LPFA Equality and Diversity Policy.

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 monitoring and investment costs;
5. **Noted** the LPFA Health and Safety Policy;
6. **Noted** the LPFA Equality and Diversity Policy; and
7. **Noted** the regulatory and horizon scanning updates.

4 LPB167 – 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, highlighting that following the launch of LPFA's Investor Climate Action Plan ("**ICAP**"), a project was underway to develop a net zero hub by Spring 2023 to allow members, employers and other LPFA stakeholders to monitor progress against targets.
- 4.2 The LPB heard that the December edition of LPFA Fund News had included a profile of one LPB member, James Cherry, to promote the work of LPB and communicate its importance to the wider Fund membership.

FOR PUBLIC RELEASE

- 4.3 It was advised that the advertisement to recruit a new Independent LPB Chair, to replace William Bourne when he stepped down from this role at the end of his second term of office, had commenced. The advert had gone live on the LPFA website, LinkedIn and in a number of relevant publications.
- 4.4 Finally, the LPFA Head of Communications and Engagement advised that work was in progress to develop the 2023/24 Communication Plan and this would be shared with LPB in early 2023. Key priorities identified for the coming year included provision of hard copy ABS and P60s to all LPFA members. A pilot project to email 4000 deferred members to encourage them to register on Pension Point was also being rolled out in January 2023.

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

5 LPB168 –LPPA QUARTERLY CLIENT PERFORMANCE AND MEMBER ENGAGEMENT REPORT

Submission

To present an update on Fund activities from LPPA since the last meeting held on 20 September 2022.

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

Discussion

- 5.1 The LPPA Head of Engagement and Communications provided an update on PACE implementation, confirming the successful transition of LPPA's largest client, Lancashire County Council ("**LCC**") onto UPM had been successfully completed. This had been followed by that of several smaller clients (London Boroughs of Brent, Havering and Newham), with Cumbria and a number of fire and police authorities due to transfer onto the system soon. It was confirmed that following communication to approximately 80,000 LCC members, over 20,000 had now registered on PensionPoint.
- 5.2 The LPB was reminded that whilst wait times for calls to the Pension Helpdesk had increased slightly over the four minute target to 4 minutes 45 seconds in November to just over the 4 minute non-contractual target, it was important to view this against the wider context of significant reductions in wait times in recent months.
- 5.3 It was advised that LCC had successfully transferred its monthly returns process into UPM, and the intention was for LPFA to do the same from May 2023. In response to a point raised by one LPB member, the LPPA Head of Engagement and Communications agreed to revert to the LPB with further details of how information from the Prudential on AVCs would be integrated into the annual allowance letter process. **ACTION: C Dawson**
- 5.4 The LPPA Commercial Manager then provided an overview of pension administration performance for Q2 2022-23, explaining that overall case performance for the quarter stood at 90.4 percent, slightly below the 95 percent SLA target but an improvement on the figure for Q1 2022-23 (85 percent). The challenges in meeting SLAs were attributed to continued PACE implementation, activity relating to the triennial valuation process and year-end queries and processes. Turning to Pension Helpdesk performance, it was confirmed that between July and September 2022, performance had met the 95 percent SLA target, with average wait times having fallen significantly in recent months. Attention was also drawn to the fact that helpdesk customer satisfaction scores had improved steadily during this period. It was acknowledged that customer satisfaction scores relating to retirements processes had year to improve. To this end, further work was being undertaken to better understand the underlying reasons for this, and it was anticipated that further information would be available by Q3 2022/23.
- 5.5 The LPB heard that at 97 percent, the Pension Regulator ("**tPR**") scores at the end of Q1 2022/23 were broadly in line with the previous quarter. However, the conditional data score had slightly deteriorated from 91.3 percent to 90.7 percent. The LPPA Commercial Manager advised that this slight drop in performance was to be expected at this point in the year given that employers were in the process of submitting year end returns.

FOR PUBLIC RELEASE

- 5.6 In terms of performance from against SLAs from the end of the quarter to date, it was confirmed that this currently stood at 89.7 percent, which was expected given ongoing implementation of PACE. The LPPA Commercial Manager reminded those present that in view of the known impact of PACE implementation, it had been agreed with all LPPA clients that SLAs would be relaxed to 90 percent for priority case types and 70 percent for non-priority case types. Further to a question from the Chair, it was clarified that the SLAs would be reinstated from February 2023. In response to further question on resourcing, the current challenges in recruitment and retention of staff being faced by the pension administrations industry as a whole were acknowledged.
- 5.7 A point was raised on the fact that some metrics were only supplied at aggregate level across all LPPA clients, to which the LPPA Commercial Manager agreed to check whether it was possible to provide this data specifically for LPFA only. **ACTION: A Fisher**
- 5.8 The LPPA Engagement and Communication Manager then provided an update on employer engagement and communication activity since the last meeting. The LPB was advised that a key area of engagement in recent months had been in following up with members to encourage them to register on PensionPoint. As at the end of the previous week, it was confirmed that almost 19,000 LPFA members (equating to approximately 22 percent) had signed up to the portal compared with the 29,000 that had been signed up to the previous portal. LPPA's ambition was to meet, or ideally exceed, this number over the next 12 months.
- 5.9 It was explained that another key development had been the introduction of a dedicated page on the LPPA website to support financial intermediaries and independent financial advisors who needed to contact LPPA to understand the transfer process when supporting clients. A dedicated and improved Help Hub section would also be launched on the LPPA website during Q3 2022/23 with easy to find FAQs, guides and self-service videos.
- 5.10 It was noted that in advance of the planned timeline for LPFA employers to introduce monthly returns through UPM from May 2023, invitations to attend training would be issued in the near future. One LPB member noted the importance of monitoring which employers did not sign up for training, since these were the organisations most likely to require additional support. The importance of utilising employers to communicate key messages to Fund members was also commented upon. The LPPA Head of Engagement and Communication concurred on these points, and highlighted that employers also had access to an employer toolkit on the LPPA website with helpful documents, such as posters, which could be used to highlight the LGPS to employees.
- 5.11 In conclusion, the LPPA representatives were thanked for attending the meeting.
- [The LPPA Commercial Manager and LPPA Head of Engagement and Communications left the meeting]*
- 5.12 Once the LPPA representatives left the room the LPB continued a brief discussion on the matters covered during their presentation. Whilst the overall feedback on the presentation was positive, one point raised was the fact that LPPA could have been more proactive in communicating with LCC members at an earlier point in the UPM rollout. The LPFA CEO added that the initial experience of providing LCC colleagues with training on the monthly return process in UPM had indicated the need to ensure that future training provided early and appropriately targeted, and this point was supported by one LPB member who had received previously this training. In discussion, it was also agreed that two Employer Representatives would check that communications within their organisations was being received from LPPA and who it was going to. The LPFA Head of Communications and Engagement also undertook to establish database of key communications contacts within each employer organisation. **ACTION: A Sweeting, J Sandhu and A Peck**

FOR PUBLIC RELEASE

The LPB:

1. **Noted** the LPFA Quarterly Client Report and update for Q2 (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.

6. LPB169- GOVERNANCE, PUBLIC POLICY STATEMENTS AND LPB FORWARD PLANNER

Submission

To present the LPFA Corporate and Strategic (“C&S”) Board session minutes from 27 October 2022 (draft) and the forward planner.

Discussion

- 6.1 The LPB noted the LPFA Corporate and Strategic Board session minutes from the meeting held on 27 October 2022 and the LPB forward planner.

The LPB:

1. **Noted** the LPFA Board C&S minutes from 27 October 2022; and
2. **Noted** the LPB Forward Planner.

7. ANY OTHER BUSINESS

- 7.1 The Chair requested clarification on whether the fact that LPPA had not issued 100 percent of ABS to members by the 31 August 2022 statutory deadline would be reported to the tPR. In response, the LPFA Compliance and Regulation Manager explained that at present work was in progress to better understand the reasons why a small proportion of ABS had not been issued by that date, which had identified there to be several reasons including some delays in employers providing the necessary information. It was confirmed that as at 28 November 2022, 97.3 percent of ABS had been issued to members. The Compliance and Regulation manager clarified that the next step was to determine whether the issue would be deemed to be material in accordance with tPR’s own guidance, in which case it would be reported. However, even if not deemed to be reportable, an internal lessons learnt report would still be produced. The LPFA CEO also provided assurance that the small number of ABS not produced by the statutory deadline was not the result of any systemic issue.
- 7.2 The date of the next meeting was scheduled on 15 February 2023 at the LPFA Union Street Office.
- 7.3 There being no further business, the Chair closed the meeting at 12.15.

W Bourne

William Bourne, LPB Chair

17th February 2023

Date: