

LOCAL PENSION BOARD

MINUTES

Date: Tuesday 20 June 2023

Time: 10.15-12.30

Location: Room 204, Royal College of Obstetricians and Gynaecologists, 10–18 Union Street, London, SE1 1SZ

Present:	Andy Cunningham Mike Allen Stephen Boon Sean Brosnan James Cherry Jasbir Sandhu	LPB Chair (“ Chair ”) Member Representative Employer Representative Employer representative Member representative Employer representative
In attendance:	Mark Anderson Robert Branagh Fionnuala Corr John Crowhurst Chris Dawson Anastasia Klimenko Jason McKenzie Alistair Peck Rebecca Pilkington John Preston	LPFA Head of Compliance, Risk and Pensions LPFA Chief Executive Officer (“ CEO ”) LPFA Communication and Engagement Manager LPP Administration Ltd (“ LPPA ”) Commercial Director (items 1 to 3 only) LPPA Head of Engagement and Communications (item 3. only via Teams) LPFA Chief of Staff LPFA Interim Governance Manager (Minutes) LPFA Head of Communications and Engagement Consultant, LCP LLP Chair, LPFA Board (Observer)

1. LPB177 – INTRODUCTORY MATTERS

Submission

To present an update on several matters arising in relation to minutes and action points from the previous meeting held on 15 February 2023.

Discussion

- 1.1 The Chair welcomed all attendees to the meeting and provided a short introduction to the LPB.
- 1.2 Apologies
Apologies for absence had been received from Surendra Wanza (LPB Member representative), Omolayo Sokoya (LPB Member representative) and Amy Sweeting (LPB Employer representative).
- Declarations of interest
- 1.3 No new interests were declared in advance 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 Local Pension Partnership Administration Board (LPPA), and the Local Pensions Partnership (“**LPP**”) Board.
- Minutes, and actions points
- 1.4 The minutes from the last LPB meeting held on 15 February 2023 were approved and it was agreed that the Chair’s electronic signature could be used to sign the document.
- 1.5 The LPB noted the matters arising action list including the items which had been completed or closed. The CEO reported the Trustee Toolkit (Action from 13 May 2021) is complete.

FOR PUBLIC RELEASE

The LPB **RESOLVED** to:

1. **Approve** the minutes of the meeting held on 15 February 2023 as a true and accurate record of that meeting, and the use of the Chair's electronic signature to confirm the minutes; and
2. **Note** the matters arising – and the progress made on action points, including items which had been completed or closed.

2 LPB178 – CEO REPORT

Submission

To present an update on Fund activities from the CEO since the last meeting.

Discussion

- 2.1 The LPFA CEO introduced the report which was taken as read. With reference to the update on LPFA recruitment and staffing changes, it was noted that Mark Norquay had been appointed as interim Funding and Investment Director (on secondment from Barnett Waddingham) until permanent postholder commences in September 2023.
- 2.2 A permanent Governance Manager has been appointed and will commence in September 2023. The CEO reported the Governance Manager brings a strong technical background and one key area of focus is formal training and education for the Board and Committee members and LPFA employees. In the meantime, Jason McKenzie is appointed as interim Governance Manager.
- 2.3 The results of the 2023 staff survey were very positive and further detail would be provided under Item 4. The CEO reported on the success of investing in people, culture as reflected in the staff survey results.
- 2.4 The LPB queried the outcome of the recent benchmarking exercise to assess pay and benefits against sector and market rates and if any changes were expected. The CEO confirmed the Chief of Staff is reviewing the initial feedback and will revert to the main Board with information and any recommendations in due course. The CEO highlighted that salary appeared to be less of a contributing factor for recent resignations, with staff choosing to leave for a wide variety of reasons.
- 2.5 The LPB noted that investment in values and culture (as well as pay and benefits) were key to attracting and retaining staff. The Chief of Staff commented the LPFA take time to find the right candidate, to ensure they possess right skill set to fit the team, and the main Board are very supportive of this approach. The LPB also discussed operation costs, noting the Board approved these budgets with no fixed operating cap.
- 2.6 The CEO highlighted the response from the Mayor in relation to activity on climate and sustainability and the LPB agreed that this was very positive.
- 2.7 The LPB noted the LPP update and that a workshop in Preston was taking place in the week commencing 26 June 2023.
- 2.8 The LPB noted around 11 applications were received for the member and employer vacancies, which is a proportionate response compared to previous exercises. The appointment is expected to be completed in August.

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

3 LPB179 –LPPA QUARTERLY CLIENT PERFORMANCE AND MEMBER ENGAGEMENT REPORT

Submission

To present an update on Fund activities from LPPA since the last meeting held on 15 February 2023.

The LPPA Head of Engagement, Marketing and Communications joined the meeting via MS Teams

FOR PUBLIC RELEASE

Discussion

- 3.1 The LPPA Commercial Director provided an overview of pension administration performance for Q4 2022/23, explaining that overall case performance for the quarter against the agreed service level agreement (“**SLA**”) had been 85.9%. It was explained that following completion of phase two of Project Pension Administration Core Evolution (“**PACE**”) SLA performance has continued to improve, with the April and May 2023 SLA performance at 96%. The LPB noted the backlog of work which had been generated by the implementation blackout periods had almost been cleared.
- 3.2 Helpdesk performance over the period had been impacted by seasonal spikes, with an average call waiting period of 9 minutes in Q4 2023 (compared to a non-contractual target of 4 minutes). Average call waiting times had improved in April and May 2023 to between 4 – 5 minutes. The Commercial Director explained that LPPA were in discussions with the operator of the telephony system to discuss what other options or services were available which could help manage future member calls.
- 3.3 The Commercial Director advised that now the implementation had been completed, LPPA’s focus had returned to business as usual. LPPA were reflecting on how they could improve the member experience, recognising that satisfaction scores had dipped during the period.
- 3.4 LPB noted that LPPA were undertaking a review of data held on behalf of the Fund, including data maintenance. From Q1, data quality scores on a rolling 12-month basis would be included in the quarterly administration reports. The LPB requested commentary to be included to understand how the score was determined and enable to differentiate between issues of largest and least concern. The LPB Chair questioned the dashboard data quality and asked for an analysis of this particularly the ‘find’ and ‘view’.
- 3.5 The Commercial Director provided an update on the monthly returns rollout. The LPB noted that the LPPA Employer Engagement Team were supporting the LPFA employers and working with them to ensure they provide timely monthly returns, the issue lying in configuring data from payroll to the new system. Some resistance was received from payroll providers rather than employers, though some smaller employers require encouragement. LPB noted LPPA are managing to process files promptly and largely the process is working well, and the situation will continue to be closely monitored.
- 3.6 The LPB noted the operating model review was completed and minor recommendations were received. For example, one recommendation to enhance the member experience will see case ownership implemented to ensure members deal with one key officer, instead of specialist teams undertaking specific processes. LPPA plan to ensure multi-skilled staff training to this effect with completion expected to take between 12-18 months.
- 3.7 The Commercial Director stated that the attrition rate over the year is around 30%. Attrition rates had appeared to stabilise over recent months, and a request had been made for the latest figures to share with LPB.
- 3.8 The LPB noted that there had been delays to transfers-in because of LPPA awaiting new factors from the Government’s Actuary Department (this was a known national issue), resulting in a 3-5 day of stalled payments. The resolution is being implemented with testing underway before clearing the backlog. The Commercial Director confirmed they are aware of the effected members and quotations are expected to be issued the week commencing 26 June 2023.
- 3.9 The Commercial Director queried with LPPA whether the current SLAs were fit for purpose. The LPB confirmed LPPA were due to work with Civica to consider the administrative tasks, how to best break down the time elapsed to process each stage of the query and to identify pinch-points and other challenges to improve the service, focusing on making timely first payments.
- 3.10 Registrations for PensionPoint had increased from 19,750 to 22,423 during the period. The LPB requested that this was shown as a percentage of the total Fund membership to provide a clearer context. Whilst the increase in registrations was positive, it was recognised other metrics should be monitored to provide an additional layer of context for the registrations, such as the frequency of member logins to analyse the rate

FOR PUBLIC RELEASE

of return etc. The LPB also discussed working with employers to encourage more employees to register and use the portal and the Employer representatives offered their assistance if required.

- 3.11 The Commercial Director confirmed that now the transition to UPM is complete, LPPA were due to discuss with Civica what functions were available that were not currently being utilised could be turned on to help improve member experience. It was agreed that the provision of an audit trail on the Employer platform was a key consideration.
- 3.12 It was agreed that in the interests of time, any further queries would be emailed to the Commercial Director.
- 3.13 The LPPA Head of Communications and Engagement then provided an overview of communication and engagement activity during Q4 2022/23. The ongoing employer engagement was highlighted, with a significant number of training sessions delivered in the period. These sessions included supporting employers with the submission of the first monthly data file (May 2023), as well as general pension administration functions and the employer portal. In addition, LPPA continued to deliver 'Making Sense of your Pension' and 'Making Sense of your Retirement' to members.
- 3.14 The LPPA website development updates were noted. The Head of Engagement and Communication advised that LPPA would use the information obtained from current website traffic to help improve the services being offered.
- 3.15 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.

- 3.16 The LPB discussed the matters presented by LPFA, recognising the challenging year for LPPA, and noting the reassuring upturn in the April and May 2023 SLA figures. LPB will continue to monitor performance.
- 3.17 The LPB discussed the current SLAs and whether they were fit for purpose, and if member experience was correctly reflected. The CEO reported that LPPA's Service Improvement Plan would address this, and it was on the agenda for discussion at the meeting in Preston next week. The Head of Compliance, Risk and Regulation confirmed that this would form part of the bigger conversation about LPPA's long term plan.

The LPB:

1. **Noted** the LPFA Quarterly Client Report and update for Q4 (2022/23) including the key performance indicator performance detailed within the report; and
2. **Noted** the Engagement and Communications activities over the reporting period.

4 LPB180 – LPFA CORPORATE COMMUNICATIONS UPDATE

Submission

To provide an update on corporate communications activity since the last meeting and provide high level results from the 2023 Member Survey.

Discussion

- 4.1 The LPFA Communication and Engagement Manager provided a short presentation summarising the high-level results from the 2023 Member Survey which had covered two main areas: Communications and Responsible Investment. The full results will be published in Q2.
- 4.2 The LPB noted around 50% of people who contacted LPPA in the last 12 months had rated their experience as good. This was positive given the known issues experienced by LPPA. Lower ratings were largely attributed to time related concerns. The LPB recognised changes to processes and procedures have been implemented since the survey resulting in improvements to SLAs.

FOR PUBLIC RELEASE

- 4.3 The results for Responsible Investment were encouraging and the LPB noted that a significant amount of activity undertaken by LPFA in this area, with a large focus on Environmental matters. However, the survey highlighted members identified more strongly with social concerns. This will be area of LPFA focus going forward, and a significant overlap between the two areas is expected.
- 4.4 The LPFA Head of Communications and Engagement then provided an overview of LPFA engagement activity since the last meeting. The LPB heard that work was ongoing in relation to the 2023 LPFA Employer Forum which was due to take place on 2 November 2023 and a copy of the agenda was included in the pack.
- 4.5 The LPB noted that LPFA had refreshed their editorial and brand guidelines, and this would be reflected in the LPFA Annual Report.
- 4.6 The LPB queried the target of 40,000 LPFA members registered to PensionPoint by December 2023. The Head of Communications and Engagement confirmed that this was an aspiration, based upon registration number for the previous LPFA portal and had not been benchmarked. The LPB discussed whether it would be useful to speak to other Civica clients to see what actual experience of PensionPoint was to ensure this was a realistic target.
- 4.7 The Head of Communications and Engagement highlighted that a key area under consideration was audience segmentation. Consideration would be given to how particular member groups could receive targeted communications, noting digital correspondence remains challenging for older demographics.
- 4.8 The LPB noted that LPFA's video product programme was being reactivated and three videos would be released in the coming months to provide key information to members. The Head of Communications and Engagement agreed to share the videos with Employers for inclusion in the corporate inductions for new members. **ACTION: A Peck**

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

5 LPB181 – LPFA RISK MANAGEMENT

Submission

To provide an annual update on LPFA risk management.

Discussion

- 5.1 The papers were taken as read. The LPB noted that cyber risk continued to be of increasing concern across the pensions industry and that the risk would be updated accordingly.
- 5.2 The LPB noted a review of the risk register, and all processes is planned. This review would consider both the LPPI and LPPA registers / processes and the main Board. The objective is to ensure the LPFA's risk register and dashboard are coordinated with that of the other entities.

The LPB **noted** the risk dashboard and the risk register.

6 LPB182– COMPLIANCE OVERSIGHT AND REGULATION REPORT

Submission

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

Discussion

- 6.1 The Head of Compliance, Risk and Pensions introduced the report and associated documents, which were taken as read. The LPB noted the key compliance highlights including SLAs which were discussed as part of the quarterly client performance report previously presented under Item 3.

FOR PUBLIC RELEASE

- 6.2 The LPB noted as part of the internal audit, a review was currently being undertaken in relation to overpayments, which are largely attributed to either a late notification of death, or administrative errors. The review will include a root cause analysis to ensure controls were in place to manage any overpayments. The LPB discussed what processes and practices were currently in place and it was agreed that LPFA would check whether LPPA currently undertook monthly mortality screening. **ACTION: M Anderson.**
- 6.3 The LPB noted that activity to counter overpayments occurring including communications to members, management from the finance team etc are ongoing, with a key focus to reduce write-offs as much as possible. Following completion of the internal audit, recommendations to improve the current process will be shared with the LPB.
- 6.4 The LPB Chair remarked that the number of complaints received in the period was higher than expected for a pension scheme of this size, noting this is a standing item on LPFA/LPPA monthly meetings and further information on the complaints would be requested. It had also been included as part of the LPFA compliance monitoring plan oversight for 2023/24.

The LPB **RESOLVED** to:

1. **Noted** the compliance with TPR Code of Practice 14;
2. **Noted** the compliance oversight of LPP Group;
3. **Noted** the LPFA compliance update;
4. **Noted** the Compliance Monitoring Plan; and
5. **Noted** the Regulatory and Horizon Scanning updates.

7 LPB183– LPFA ANNUAL REPORT

Submission

To present the draft sections of the 2022/23 Annual Report and to note the current page layout.

Discussion

- 7.1 The draft papers were taken as read. Three sections had been shared with the LPB for comment, these were Responsible Investment, Governance and Pensions Administration. It was noted that the Annual Report is due for publication before 31 October 2023.
- 7.2 The LPB noted the Annual Report was being redesigned in line with the LPFA's new brand and editorial guidelines which included simplifying language and improving clarity and the executive summary will be formatted to be inclusive of a wider audience. The actual design is currently in development and will be shared with the LPB at the next meeting.
- 7.3 The LPB discussed the Administration section and agreed that under 2.2.1 (the Cost per Fund member) and suggested providing a benchmark would be useful, noting this comes with some limitations. The LPB understood that several tables in this section were not complete owing to figures pending.

The LPB **noted** the draft sections of the 2022/23 Annual Report and page layout document.

8 LPB184– LPB CHAIR'S ANNUAL REPORT

Submission

To present the draft LPB Annual Report for 2022/23 for approval by LPB and for recommendation to the LPFA Board for approval and inclusion in the Pension Fund Annual Report 2022/23.

Discussion

- 8.1 The draft LPB Annual Report for 2022/23 was taken as read. The LPB agreed this was a fair reflection (as it was penned by the previous Chair) and approved the draft document and agreed to make the recommendation to the LPFA Board.

FOR PUBLIC RELEASE

- 8.2 LPB consented to LPFA making minor editorial amendments to the report which will allow for the consistent use of terminology and language style throughout the final complete pension fund report document.

The LPB **RESOLVED** to:

1. **Approved** the draft LPB Annual Report
2. Agreed to **recommend** to the LPFA Board for approval and inclusion in the Pension Fund Annual Report
3. **Approved** any minor editorial amendments to the report.

9 LPB185- GOVERNANCE, PUBLIC POLICY STATEMENTS AND LPB FORWARD PLANNER

Submission

To present the LPFA Corporate and Strategic (“**C&S**”) Board session minutes from 30 March 2023 (draft) and the forward planner.

Discussion

- 9.1 The LPB noted the LPFA Corporate and Strategic Board session minutes from the meeting held on 30 March 2023 and the LPB forward planner.

The LPB **RESOLVED** to:

1. **Noted** the LPFA Board C&S minutes from 30 March 2023 (draft); and
2. **Noted** the LPB Forward Planner.

10 ANY OTHER BUSINESS

- 10.1 The LPB Chair requested a paper be prepared for the next LPB meeting on the McCloud judgement and the potential impact, risks and challenges which could face the Fund. **ACTION: M Anderson**
- 10.2 On behalf of LPFA and the LPB, the CEO thanked both Sean Brosnan and Omolayo Sokoya (in her absence) for their service, support and contributions to the Fund over the years. Both were due to reach the end of their respective final terms of office on 31 July 2023. In turn, Sean Brosnan noted that he had enjoyed working with LPFA officers and LPB members alike during his time on the Board.
- 10.3 The date of the next meeting was scheduled on 19 September 2023 at the LPFA Union Street Office.
- 10.4 There being no further business, the Chair closed the meeting at 12.14.

Andy Cunningham, LPB Chair

Date: 19/09/2023