

LOCAL PENSION BOARD (LPB)

Minutes of the Meeting

Date: Tuesday, 2 March 2021
Time: 10:00– 12:26
Location: MS Teams video conference

Present:	William Bourne Sean Brosnan Jenny Lo Peter Scales Frank Smith Prashant Solanky Amy Selmon Omolayo Sokoya	LPB Chair (“ Chair ”) Employer representative Member representative Member representative Employer representative (from item 3) Member representative Employer representative Member representative
In attendance:	Helen Astle Peter Ballard Robert Branagh John Crowhurst Chris Dawson Alistair Peck Gillian Workman	LPFA Compliance and Governance Director LPFA Funding and Risk Director (from item 2) LPFA Chief Executive Officer (“ CEO ”) LPPA Commercial Director (item 4 only) LPPA Head of Engagement and Communications (item 4 only) LPFA Head of Communications and Engagement LPPI Senior Company Secretarial Assistant
Observer:	Anastasia Klimenko Dermot ‘Skip’ McMullan	LPFA Business Manager LPFA Deputy Chair of LPFA Board
Training:	Janet Morville-Smith	LPPA Head of Risk and Compliance

TRAINING: LPPA Risk and Compliance Assurance

The Chair introduced Janet Morville-Smith to the LPB and clarified that the scope of the session would focus on how Local Pensions Partnership Administration Ltd (“**LPPA**”) provided assurance to clients on LPPA internal controls. The Chair advised that the next LPB meeting would receive details within the regular compliance report from the LPFA Compliance and Governance Director on how LPFA validated the information that they received from LPP Group (LPPA and Local Pensions Partnership Investments Ltd (“**LPPI**”)) via the Compliance framework and assurance map.

Janet informed the LPB on the LPPA internal first and second lines of defence model, with a third independent external assurance, to be established, and that would aim to satisfy pensions administration clients or shareholder requirements. The LPPA team were comprised of several teams: complaints; risk and compliance; and quality and compliance monitoring. A risk-based approach methodology was adopted by the latter team which targeted relatively high-risk aspects of the LPPA business. The LPPA risk and compliance remit was broad, not only handling regulatory and code of practice 14 compliance but also included information security, anti-money laundering and data protection.

An overview of the various internal assessment reports undertaken at LPPA was advised for the period April 2020 to March 2021. The future plan for LPPA internal audit was shared from April 2021, that it would build upon the good work already undertaken by the monitoring team and would allow for increased scope at a reduced cost. However, use of specialist third parties would be considered for more complex undertakings, for example, cyber security audits. From May 2020, the opportunities for improvement had been highlighted by a number of the LPPA internal compliance assessments, and since November 2020, there had been an emphasis on internal quality monitoring, for example, helpdesk calls and emails, which resulted in monthly quality assurance reports.

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LPPA had an aspiration to enhance pensions administration services provided to clients through driving quality and embedding a culture of treating customers fairly, whilst providing value for money. Customers were not only members and clients, but internal within LPPA. For a member that LPPA provided pensions administration services to, the objective was to improve the customer journey, at every stage of the member pension life cycle, from joining the scheme through to retirement.

It was clarified that within LPP Group, LPPA would adopt a different approach to internal audit to that of LPPI. The LPPA internal audit scope would be defined by Janet and the LPPA Managing Director.

The Chair thanked Janet Morville-Smith for the presentation.

1. LPB115 – INTRODUCTORY MATTERS

Submission

The report was provided on several matters arising relating to minutes from the meeting held on 1 December 2020 and previous meetings action points.

Discussion

The Chair noted that due to government guidance on social distancing related to the Coronavirus (“Covid-19”) pandemic, the meeting was being conducted via video conference. It was confirmed that the LPFA constitution permitted electronic participation and decision making (Section C: Standing Orders, (9) (e) and (j)) and that the standing orders applied to the LPB. The Chair reminded members of the meeting etiquette, encouraged the use of certain MS Teams functionality to allow members to be called upon in turn and share limited information.

The Chair introduced Skip McMullan from the LPFA Board as an observer to the LPB meeting and thanked Skip for taking the time to attend. The Chair declared that a quorum was present, and the meeting was opened.

Apologies

The Chair advised that Frank Smith would join later on in the meeting and confirmed that no other apologies had been received in advance of the meeting.

Declarations of interest

The Chair confirmed that he had not received any advance declarations of interest since the previous meeting and no new declarations were advised at the meeting. The standing declaration by the LPFA CEO with any matters under discussion regarding pensions administration and the potential for conflict of interest with his role as the LPFA shareholder appointed statutory director representative on the LPPA Board was noted. A standing declaration by Skip McMullan, with the potential for a conflict of interest with matters under discussion as the former shareholder representative Non-Executive Director on the LPFA Group Board was also noted.

Minutes and actions points arising

The minutes from the last meeting held on 1 December 2020 was approved by LPB and that the Chairs e-signature could be used to sign the document. The LPB was also satisfied with the status of the completed or not due action points from previous meetings.

Review of the LPB Terms of Reference (“ToR”)

The Chair noted that the LPB reviewed their ToR on an annual basis. Due to the change in LPB membership and associated activity related to Covid-19, it therefore seemed sensible to postpone the annual ToR review to the September 2021 meeting.

The LPB:

1. **Approved** the minutes of the meeting held on 1 December 2020 as a true and accurate record of that meeting and the use of the Chairs e-signature to confirm the minutes.
2. **Noted** the matters arising - action list including all the items which had been completed or closed.
3. **Noted** the LPB Chairman 2020 Appraisal recommendations update.
4. **Noted** the LPFA Board training dates.
5. **Noted** the submission of the recommendation to the LPFA Board for the reappointment of Amy Selmon as an employer representative on the LPB.
6. **Approved** to postpone the LPB ToR review until the LPB meeting to be held on 8 September 2021.

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2. LPB116 – CEO REPORT

Submission

The report provided an update on general Fund related activities since the last meeting in December 2020 for the Quarter 3 (“**Q3**”) 2020/21 period. Specific items provided for the March 2021 meeting included: an update on: continuing working practices related to Covid-19; financial monitoring details; investment performance; LPB recruitment; LPP Group update including the provision of corporate services to the LPFA; pooling updates; The Pensions Regulator Services (“**TPR**”) governance and administration survey 2019 report and LPFA 2020 response; and LPFA organisational updates including LPFA Board recruitment; internal audit (“**IA**”); budget and strategy plans for 2021 to 24.

Discussion

The CEO shared that overall LPFA employees were doing well during the third government imposed lockdown related to the Covid-19 pandemic. The LPFA financial performance reported to the recent Audit and Risk Committee (“**ARC**”), up to the end of December 2020, advised a positive variance to budget. The Q3 2020/21 LPFA Investment performance summary also reported that the short term investment return was exceeding actuarial benchmark but was slightly under the total portfolio benchmark. Skip shared, in his capacity as a member of Investment Panel (“**IP**”), that the LPFA was a long term investor, and that the longer term investment performance was comparable against requisite benchmarks.

The CEO advised that the LPB recruitment was going well, after an initial slow response rate, a healthy number of applications had been received for the 3 roles. The CEO and Monitoring officer had identified over a dozen strong candidates for first round interviews, from diverse backgrounds, to take place over the next few weeks. A short list of second round interviews would then be conducted by the Chair with sufficient time for appointments to be made before the May 2021 LPB meeting. The CEO noted that initial first round interviews provided him with assurance that the recruitment process would source candidates of a suitable calibre to replace the expertise of the retiring LPB members.

Several updates related to LPP Group was shared, notably: the status of discussions with LPPI on a more limited provision of Corporate Service to LPFA; the LPPA new pensions administration software; (successful award of a pensions administration contract to Civica); and positive investment pooling costs reported by LPPI. LPB was informed on the latest government plans to consult with LGPS pools and a formal communication was anticipated later in the year. The investment cost savings made by LPPI, along with the demonstrated stewardship benefits from all LGPS pools, was shared by Skip McMullan.

[P Ballard joined the meeting.]

The CEO had completed the TPR governance and administration survey 2020 in the Funds capacity as a scheme manager based on information provided by LPPA. The LPB clarified the responses and the possibility of at least the Chair being consulted in future survey responses. The LPB discussed the details of the IA year 2 plan for 2021/22, with the suggestion of communications being considered for a future IA's, and LPB agreed to provide feedback to the CEO via email on any additional items. **Action: LPB**

The CEO provided details of the main themes contained within the proposed 2021-24 LPFA strategic policy statement (“**SPS**”) and budget (medium term financial plan (“**MTFP**”)). The SPS continued overall themes of: investing responsibility; sustainability; and collaboration. The Mayor of London (“**Mayor**”) had received a draft of the SPS and MTFP documents at the end of December 2020 and was supportive of the LPFA planned focus.

The CEO stated that details of the consultations would be moved to the compliance oversight and regulation report at future meetings. The details of the successful launch of the London Fund, announced to the media at the end of December 2020, was advised along with provisional future opportunities.

The LPB **noted** the contents of the report

[John Crowhurst, Chris Dawson and Frank Smith joined the meeting.]

3. LPB117 – LPPA QUARTERLY CLIENT PERFORMANCE AND MEMBER ENGAGEMENT REPORT

Submission

For LPPA to present the LPFA quarterly administration report for Q3 2020/21 and share details on member engagement communications delivered, as well as planned future activity.

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Discussion

John Crowhurst advised that LPPA Q3 2020/21 casework performance against SLA for the LPFA was 99.64%. The helpdesk performance for calls and email responses also continued to perform well, with only 2% calls abandoned before being answered. The reasons for member contact continued to be assessed to inform refinement of the frequently asked question information on the LPPA member website.

The LPPA was continuing to address factors impacting timescales to pension payment (retirements). LPB advised long delays in contacting and obtaining answers from the LPFA additional voluntary contribution (“**AVC**”) provider over the past few months which was impacting member retirements. As a consequence, LPPA had started to manage members expectation regarding the issue and a targeted communication had been sent to members with an AVC. It was agreed for a more detailed AVC update to be provided at the next LPB meeting. **Action: J Crowhurst**

Chris Dawson advised details of recent engagement with LPFA Head of Employer Management Services (Alex Omell) that would support more coordinated communications with employers. The LPPA website and live-chat functionality was successfully launched during Q3 2020/21. The LPPA website had received positive feedback from members and more reporting was being prepared on qualitative insights into how members were using the new website. LPPA continued to support LPFA member and employer communication with newsletters and targeted campaigns. The LGPS Scheme Essentials sessions campaign had been well received with all slots taken up since the launch 3 weeks ago. The virtual sessions replaced in person pension surgeries. Initial sessions planned to be limited to approx. 100 members and an option for recording the sessions was also being considered.

LPB was supportive of the positive steps taken by LPPA to increase member email addresses and innovation with providing alternative online contact options, but cautioned that some of the LGPS Scheme Essentials sessions were scheduled far in advance and to consider making more sessions or slots available in the near future.

The LPB:

1. **Noted** the LPFA Quarterly Client Report and update for Q3 2020/21 including the KPI performance detailed within the report.
2. **Noted** the engagement and communications activities for Q3 2020/21, as well as future Q4 2020/21 period.

[John Crowhurst and Chris Dawson left the meeting.]

4. LPB118 – LPFA CORPORATE COMMUNICATIONS UPDATE

Submission

To provide an update on LPFA corporate communication plan including a new LPFA.org.uk website; the accessibility statement, latest plans for the Fund Member Forum (“**FMF**”) and Fund Member Survey.

Discussion

Alistair Peck provided details on the procurement process and provider appointed to assist the LPFA with redesigning the new LPFA corporate website. Members of the LPB working group had provided insight into the website planning, as part of the stakeholder process, and the new website was anticipated to be launched in June 2021. The new LPFA website would focus on the Fund, with more content rich modern aesthetic, and any member pensions administration activity would be directed to the LPPA site. Due to tight timelines, there would be limited time to test the new website with multiple target audience groups, although there was the opportunity for refinement post website launch. The LPB recommended to seek feedback from users without pensions experience and to include details of the complex interconnected relationship that LPFA have with their stakeholders on the new website. **Action: A Peck**

The new LPFA website would meet WCAG 2.1 AA accessibility standards and a future LPB meeting would have the opportunity to review the accessibility statement for the new website.

The plans for an animation intended for issue in March 2021 to highlight the 2020 achievements to members was advised by Alistair Peck in place of the postponed 2020/21 FMF, with additional animations planned for later in the year. The plan for the 2021/22 FMF was still being considered and due to uncertainty related to Covid-19, the event venue had cancelled the booking. The planned member survey, shared in December 2020, was delayed while an alternative cost effective survey distribution method was

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sourced. The Chair requested for an LPB member or employer representative be considered to speak at a future FMF event to highlight the LPB role in Fund governance.

The LPB:

1. **Noted** progress on the LPFA.org.uk website procurement.
2. **Noted** the accessibility analysis on the current LPFA.org.uk website.
3. **Noted** the storyboard for the 2020 FMF animation and the status of the 2021 FMF.
4. **Noted** the status of the Member survey.

5. LPB119 – LPFA RISK MANAGEMENT AND INVESTMENT UPDATE

Submission

To provide LPB with an update on the revised LPFA Risk Management Principles (“**RMP**”), risk register, Employer Management Services (“**EMS**”) team and plans for the investment strategy review (“**ISR**”).

Discussion

Peter Ballard advised that the approved RMP contained more detail on definitions, scoring criteria and clarified ownership/oversight of the risk register. The Risk register was owned by the LPFA management team to help them run the business, and oversight assurance was provided by the LPFA board and committees to verify the content. It was clarified that the register would contain key risks that the LPFA had control over and therefore would not detail every individual risk facing the fund. The LPB discussed the new RMP, including whether the register should be presented more frequently than the proposed annual review by LPB and concluded that at least regular updates, would be needed to keep LPB assured. **Action: P Ballard**

Peter Ballard provided an overview of the proactive plans for employer engagement following the EMS team members transferring from LPPA to LPFA during the previous quarter. In addition, details of the ISR was shared, including the LPFA Board recent approval of the updated Strategic Asset Allocation and next steps. The LPB debated and expressed concern that advice taken by the LPFA from LPPI was not sufficiently independent and might not constitute proper advice as required under the LGPS investment regulations' guidance. The CEO clarified that LPPI provided proper investment information, which the LPFA Board regularly challenged, and was supplemented with strategic investment guidance from external third parties, before informed decisions were taken by the LPFA Board. Skip McMullan, in his capacity as a member of the IP, shared that the relationship between LPFA and LPPI was nuanced and would stand up to wider scrutiny. The IP regularly challenged information received from LPPI to ensure suitability to the requirements of the Fund. The Chair reaffirmed the LPB role in actively providing input into the LPFA Investment Strategy Statement (“**ISS**”) at an appropriate time.

The LPB:

1. **Noted** the revised LPFA Risk Management Principles.
2. **Noted** the risk register as it relates to Fund risks.
3. **Noted** the recent activity of LPFA's Employer Management Services team.
4. **Noted** the progress to date of the Investment Strategy Review.

6. LPB120 – COMPLIANCE OVERSIGHT AND REGULATION REPORT

Submission

To provide LPB with an update on regular regulatory and compliance matters related to the Fund including: Code of Practice 14 (“**COP14**”); compliance oversight of the outsourced services delivered by LPP Group; development of the LPFA Compliance framework and assurance map; and a regulatory horizon scanning report including the latest details on the Good Governance project. Additional cyclical assurance was provided on cyber security from LPPI and data protection regulatory compliance.

Discussion

Helen Astle noted there were various aspects to COP14 compliance, some of which were being reported to LPB, and that the management team will consider how to report on the wider scope of COP14. During Q3 2020/21, there were no significant monitoring breaches for ongoing or deficit contributions from LPFA employers. LPPA reported some breaches but overall was an improvement on the previous quarter. Complaints reported were trending downwards while being within acceptable parameters and no new stage 1 IDRPs complaints had been received.

LPP Group had recently revised their corporate services reporting to an exception basis and there were no

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notable exceptions reported during the previous quarter. Due to the Covid-19 pandemic the LPFA annual disaster recovery test had been postponed and LPP Group continue to provide the LPFA with a robust home working solution. LPPA continued to exceed case work and data quality service level requirements.

Helen Astle advised that an IA regulation and compliance review had resulted in a satisfactory report to the LPFA ARC in November 2020 but recommended for the documentation of a framework and assurance map on regulation/compliance activities. The document would be presented to the May 2021 ARC meeting, with an intention to share details with the subsequent LPB and would cover both LPPI and LPPA assurance. The details of the recent GDPR IA to provide assurance on the data protection regulatory compliance and LPP cyber security measures were also shared.

As part of the various regulatory and horizon scanning updates: the disapplication the £95k exit cap due to the disproportionate implications; the recent publication of the Scheme Advisory Board good governance project; and possible implications of the recent passing of the Pension Scheme Bill was highlighted.

The LPB **noted** the compliance report.

7. LPB121 – GOVERNANCE, PUBLIC POLICY STATEMENT AND LPB FORWARD PLANNER

Submission

To provide an update on the activities of the LPFA Corporate and Strategic (“**C&S**”) Board session minutes from 10 December 2020, recently approved LPFA public policy statements, 2019/20 LPFA Pension Fund Annual Report and Accounts (“**ARA**”) and LPB forward planner.

Discussion

The CEO presented the minutes from the most recent LPFA C&S board meeting and noted that LPFA had published the 2019/20 Pension Fund ARA within the regulatory deadline, but the secondary operational and residual liabilities accounts had followed in December 2020. This was a notable achievement, as some LGPS funds were still to publish their reports. The Chair noted the forward planner and would endeavour to follow the proposed items.

The LPB:

1. **Noted** the draft LPFA C&S minutes from the 10 December 2020.
2. **Noted** the update on the recently approved LPFA policies and the 2019/20 LPFA Annual Report and Accounts.
3. **Noted** the forward planner and **agreed** to follow the aspects indicated.

8. ANY OTHER BUSINESS

The CEO shared with the LPB that Amy Selmon had been consulted and had agreed to stand for a second term. While her appointment concluded in October 2021, Amy had received the Chairs approval to step out the next few sessions while on maternity leave and hoped to return to the LPB by the Autumn 2021 at the earliest.

With no further business, the Chair confirmed the date of the next meeting as 25 May 2021 and closed the meeting.

Signed in draft form for submission to Board

W Bourne

4th June 2021

William Bourne, LPB Chair

Date: