

Minutes of the Local Pension Board ("LPB") Meeting



Date: Thursday, 4 June 2020
Time: 10:00 – 11:30
Location: Via Zoom Video and Conference call

Present

LPB Members	William Bourne	LPB Chair (" Chair ")
	Sean Brosnan	Employer representative
	Jenny Lo	Member representative (via telephone)
	Peter Scales	Member representative
	Frank Smith	Employer representative (via telephone)
	Amy Selmon	Employer representative
	Omolayo Sokoya	Member representative

In attendance:

Robert Branagh	LPFA Chief Executive Officer (" CEO ")
Peter Ballard	LPFA Funding and Risk Director
John Crowhurst	LPPA Deputy Pensions Director
Alistair Peck	LPFA Communications and Project Manager
Gillian Workman	LPPI Senior Company Secretarial Assistant

Observer: Anastasia Klimenko LPFA Business Manager

Apologies:

Prashant Solanky	Member representative
Adrian Bloomfield	Employer representative

1. LPB097 – INTRODUCTORY MATTERS

The Chair advised that due to the government-imposed lockdown relating to the Coronavirus (Covid-19), the meeting was being conducted over video and telephone conference. The agenda had been abridged and prioritised to focus discussion on key LPB duties. The scheduled LPB and Board training sessions had been postponed due to Covid-19.

The Chair welcomed Anastasia Klimenko to the meeting as an observer and briefly reminded the members of the meeting etiquette.

Submission

The minutes from the meeting held on 5 March 2020, actions from previous meetings and progress on the LPB Chairman 2019 appraisal recommendations was provided. The cancellation of the plans for the LPB and LPFA Board training sessions was noted.

Discussion

Apologies

Adrian Bloomfield and Prashant Solanky had advised in advance of the meeting that they would be unable to attend.

Declarations of Interest

The annual declaration of conflicts of interest form had been emailed in advance of the meeting as part of the year-end process. For those members who were yet to return their forms, they were kindly reminded to them within the next week.

No new advance declarations had been received, and the Board confirmed that the position had not changed since the previous meeting.

Minutes

The LPB reviewed the meeting minutes held on 5 March 2020, agreed that they provided an accurate representation of the discussions at the meeting, and that the Chair's e-signature could be used to confirm the formal record of the meeting.

Matters Arising

The action list and progress against the LPB Chairman 2019 recommendations was received, with the LPB satisfied of the status of the updates including those which had been completed with a couple of minor comments. Jenny Lo advised that she had not participated in any sessions on the plans to update the LPFA members websites since the discussion at the March meeting. The LPB Chair clarified the current thinking for the 2020 Fund Member Forum was to pre-record several videos for members to review in their own time. The request to consider having a representative from LPB contribute was noted.

Decision

The LPB:

- [1] Approved** the minutes of the meeting held on 5 March 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 schedule and the LPB Chairman 2019 Appraisal recommendation updates including all the items which had been completed with minor comments advised.

2. LPB098 – LPFA RISK AND AUDIT

Submission

To provide details of the LPFA risk register ("**Register**"), update to the risk management principles, plans for the risk appetite statement review and internal audit 3 year plan.

Discussion

Peter Ballard provided an overview of the Register which was to distil management focus upon the Funds key risks and was distinct from a comprehensive list of every fund risk. The supporting risk management principles articulated the review process and procedures for approval of the register. Following a request at the recent LPB meeting the approved three-year internal audit plan by PricewaterhouseCoopers (PwC) was provided. The internal audit overview was summarised on the 'Audit Universe' page of the report (42 of 273 pages in the meeting pack). Peter Ballard advised that Risk Management internal audit by PwC had recently commenced, focusing on how the LPFA managed risk.

The LPB was assured by the Register, finding it comprehensive and was helpful to understand how the Fund managed risk including the concerns presented by Covid-19. The Chair noted that the register did not mention the role of the LPB in mitigating risk, but it was agreed that the Register focused on the main executive controls to manage concerns, and attention was drawn to the role of LPB set out within the Risk management principles document approved by the LPFA Board.

Following feedback on the difficulty in reviewing the detailed content of the register, Peter Ballard advised of provisional plans to implement an enterprise risk management system,

CAMMS, to produce more customised reports which were anticipated to be easier to review. Further details would be shared, when available.

Decision

The LPB:

- [1] **Noted** the risk register as it relates to scheme risks.
- [2] **Noted** amended Risk Management Principles.
- [3] **Noted** the plans for reviewing the risk appetite statement.
- [4] **Noted** the internal audit 3 year plan agreed by ARC.

3. LPB099 GENERAL ADMINISTRATION UPDATE

Submission

The regular report provided an update on the general administration and regulatory activities or technical updates since the last meeting in March 2020. Specific items for the meeting were: an update the Business Continuity Plan (BCP)/Covid-19 response; an annual assurance statement on data quality; a bi-annual statement on monitoring investment costs including custodian and transactions; and a bi-annual statement on Pensions Discretions.

Discussion

The CEO shared details of the highlights provided within the report. He noted that almost all LPFA and LPP staff were working remotely with suitable equipment due to Covid-19. There were no immediate plans for staff to return to the office, especially as the Service Level Agreement (“**SLA**”) was being met and there was below average levels of sickness being reported. Concern was shared that there had been a noticeable decrease in the volume of case work being received from officers or employers, and as a result, there might be a backlog in casework in future months. In addition, and while the cause could not be directly attributed to Covid-19, LPP was advising a higher than monthly average number of deaths being reported, with figures comparable to peak months normally experienced in January or February of every year.

The CEO advised that Local Pensions Partnership Investments Ltd (“**LPPI**”) had recently completed the transfer of all relevant assets into the Real Estate pool and that this was the first ‘Pool’ to have moved almost all assets into a consolidated structure, in line with government guidance. The initial figures for 2019/20 year-end from the LPFA custodian indicate that the 12-month fund performance figures were around 6% which was in line with the actuarial estimates and the LPFA discount rate.

The details of a recent LPP restructure were provided by the CEO. The LPFA as an equal shareholder of LPP, had agreed to recapitalise the LPP business, investing £12.5m and providing an optional loan facility of a further £5m. The new structure moved the LPP away from the originally established debt-based model, to an equity-based business which was comparable with other ‘Pools’. LPP had also reorganised their staff and support functions along business lines – Investments under LPPI and pensions administration (“**PA**”) services provided by Local Pensions Partnership Administration Ltd (“**LPPA**”), with a small LPP Group. The change had taken place over May 2020, with most staff now transferred into LPPI or LPPA. Over the next few months resulting changes in structure would be reflected in revised reporting and an update on progress would be provided at a future meeting. **Action: R Branagh**

The CEO shared LPFA management concerns on the Employer Risk (“**ER**”) engagement requirements during the current challenging economic climate, changes in key ER personnel and the LPP decision to transfer the oversight of the ER team from Risk to PA. The LPFA management were discussing the LPFA ER requirements.

The draft LPFA consultation response for the proposed alignment of Retail Price Index (RPI) to Consumer Price Index (CPI) would be shared with the LPB in due course.

[John Crowhurst joined the meeting.]

Decision

The LPB **noted** the contents of the report including: the Q4 2019/20 Key Performance Indicators; the LPFA management team organisation chart; overseas pensioners life certificate exercise; pension settlements exercise; and technical pensions updates.

4. LPB100a GOVERNANCE UPDATE

Submission

The LPB Chair annual report for 2019/20 was presented.

Discussion

The Chair introduced his annual report and advised that the LPB costs for the previous financial year were in the region of £2,000. Feedback was provided supportive of the report and with minor amendments related to typos recommended. The CEO clarified that while there was not a specific LPB training budget, the LPFA would sponsor members attending an event where they could demonstrate beneficial value in their attendance, and which could be shared with LPB colleagues.

Decision

The LPB **noted** the LPB Chairman's Annual Report 2019/20.

5. LPB101a PA UPDATE

Submission

To present the Member Communications and Engagement Strategy including a clearer presentation of SLA Performance, PA priorities/challenges and activities over the forthcoming year.

Discussion

Following LPB interest at the March 2020 LPB meeting on plans for the LPFA member communications and engagement strategy, Alistair Peck had met with the LPPA Deputy Directors, John Crowhurst and Rachel Blundell. The outcome of the conversation was provided in the PA Update report which consolidated a more formal presentation of service level performance, PA priorities and related activities over the forthcoming year.

John Crowhurst advised overall casework and helpdesk performance had consistently exceeded SLA for the past 12 months (April 2019 to March 2020). Performance was reinforced by very satisfied to good satisfaction responses to all three types of feedback surveys. LPPA would review service levels with the LPFA later in the year and they would include new targets for the tracking of elapsed time of retirement and death cases.

Due to Covid-19 the PA team was focusing on making member payments and priority cases (new death cases). Remote working practices has meant that call centre management information could not be captured by the temporary helpdesk solution and an improved telephony system was planned for implementation in July 2020. The plans for 2020 targets was shared and an ongoing data cleanse project work was underway which would improve common data and conditional data scores.

John Crowhurst advised the PA priorities and following the establishment of LPPA, additional specialist teams had been formed, notably Janet Morville-Smith, had joined as Head of Risk and Compliance. The Head of Engagement and Communications, Chris Dawson, was also due to join and would be leading the development of a more focused client engagement campaign.

The successful outcome of recent discussions between LPFA and LPP was shared with plans for improved data quality, representation of the LPFA Brand and improved analytics resulting

from communication with clients. Jenny Lo advised the importance of the LPFA brand and advised that she would provide her feedback via email to clarify the limited contact from LPP/LPFA in order to discuss the preliminary arrangements for commissioning the new member websites. Jenny reiterated the importance of early discussions to distil the specification requirements to ensure the website met LPFA members' needs. **Action: J Lo**

The LPB discussed the importance of employers supporting the initiative to improve member services and by providing email addresses, they collectively could facilitate improved engagement. Sean Brosnan and Omolayo Sokoya acknowledged the work undertaken by Taryn Mutter, the recently departed Head of Engagement, in making improvements to member engagement and employer participation over the past few years.

Decision

The LPB:

- [1] **Noted** the contents of the report.
- [2] Formally express their **appreciation** - **thanked** Taryn Mutter (former Head of Engagement, LPP) for her assistance over the past few years and to wish her well with her future endeavours.

6. LPB101b ENGAGEMENT TEAM REPORT

Submission

The regular report provided an update on the activities undertaken by the LPP Engagement Team over Q4 2019/20 (January to March 2020) and was submitted to the LPB to address feedback received from the previous meeting.

Discussion

The standard engagement report had been included in the meeting pack for continuity and provide an update on the progress of actions from previous meetings and an overview of engagement activities. The LPB was asked to share comments offline on the Annual Benefit Statements included within the report. **Action: LPB Members**

Decision

The LPB:

- [1] **Noted** the engagement activities over the reporting period.
- [2] **Noted** the engagement work plan for 2019/20.
- [3] **Noted** the KPI's.
- [4] **Noted** the planned activities for Q1 2019/20.

7. LPB100b GOVERNANCE UPDATE

Submission

The report was presented for discussion by exception and feedback by email. It contained: an early draft of the LPFA Annual Report (PA, Employer Risk and Governing the Fund sections); Annual Governance Statement; Local Code of Corporate Governance; Communications policy; Actuarial Triennial Valuation Report (as at 31 March 2020); and approved minutes of the LPFA Board Corporate and Strategic session in December 2019. The LPB were requested to provide any feedback on the reports via email by the 9 June 2020.

Discussion

Annual Governance Statement (AGS)

The Chair acknowledged the overall improved quality of governance reports and shared that he had already provided his feedback to the CEO via email on the AGS.

The LPB advised the AGS appears to be compliant and advised minor feedback related to a typo in the document.

Decision

The LPB:

- [1] **Noted** the Pensions Administration, Employer Risk and Governing the Fund sections of the Annual Report and Accounts (ARA) and the revised approval process provided for 2019/20.
- [2] **Noted** the Annual Governance Statement.
- [3] **Noted** the Local Code of Corporate Governance.
- [4] **Noted** the Communications Policy.
- [5] **Noted** the Actuarial Valuation as at 31 March 2019
- [6] **Noted** the approved LPFA Private Corporate and Strategic Board minutes from 11 December 2019.

8. ANY OTHER BUSINESS

Following LPB interest, the CEO advised he would share an email communication with the LPB in a months' time to keep them updated with key developments. The CEO advised that he had recently appointed a Compliance and Governance Director and that he was hopeful that they would start in the role from 1 July 2020.

The plans for the September 2020 LPB meeting would be reviewed closer to the date when there was more clarity on government guidance on returning to work and social gathering.

With no other business the Chair declared the meeting closed at 11:30.

W Bourne

12 October 2020

William Bourne, LPB Chair

Date: