

# LOCAL PENSION BOARD (LPB)

## Minutes of the Meeting

**Date:** Tuesday, 15 September 2020  
**Time:** 10:00– 12:13  
**Location:** Zoom video and audio conference

|                       |   |   |
|-----------------------|---|---|
| <b>Present:</b>       | William Bourne<br>Sean Brosnan<br>Jenny Lo<br>Peter Scales<br>Frank Smith<br>Prashant Solanky<br>Amy Selmon<br>Omolayo Sokoya | LPB Chair (“ <b>Chair</b> ”)<br>Employer representative<br>Member representative<br>Member representative<br>Employer representative<br>Member representative<br>Employer representative<br>Member representative   |
| <b>In attendance:</b> | Helen Astle<br>Peter Ballard<br>Robert Branagh<br>John Crowhurst<br>Chris Dawson<br><br>Alistair Peck<br>Gillian Workman      | LPFA Compliance and Governance Director<br>LPFA Funding and Risk Director<br>LPFA Chief Executive Officer (“ <b>CEO</b> ”)<br>LPPA Deputy Pensions Director (item 4 only)<br>LPPA Head of Engagement and Communications (item 4 only)<br><br>LPFA Communications and Project Manager<br>LPPI Senior Company Secretarial Assistant |
| <b>Observer:</b>      | Anastasia Klimenko<br>John Preston  | LPFA Business Manager<br>LPFA Board Chair   |
| <b>Apologies:</b>     | Adrian Bloomfield   | Employer representative   |

### TRAINING: LPFA INVESTMENT STRATEGY AND RESPONSIBLE INVESTMENT (“RI”) REPORTING

Peter Ballard introduced the session and outlined the focus would be on pertinent governance aspects which related to LPB’s remit. The LPFA review of their Investment Strategy Statement (“**ISS**”) was timely, following the completion of related activity on the 2019 triennial valuation (by 31 March 2020) and the approval of the revised Funding Strategy Statement (“**FSS**”) in December 2019.

Peter provided an overview of the triennial valuation process and the differences in outcome between 2016 and 2019 which have provided an opportunity for the LPFA to review previous ISS assumptions. The timeline and scope of the ISS review undertaking was shared. LPB discussed the nature of LPFA’s outsourced investment arrangement with Local Pensions Partnership Investments Ltd (“**LPPI**”) and Peter advised the aspects that LPFA would be considering during their ISS review. Assurance was provided that there were sufficient controls in place concerning the receipt of investment related advice, with any such information received being reviewed, challenged, and monitored by the LPFA officers.

LPB discussed the complexity of funding strategy issues, particularly with employers, and the importance of ensuring appropriate messaging to respective audiences. The LPFA CEO reiterated employer management and improved employer communication as a priority for the LPFA team with additional resources being invested in this area.

The LPFA RI policy was approved by the Board in October 2019 and LPPI have subsequently developed RI client reporting metrics to articulate how LPPI were meeting LPFA’s RI policy requirements. The RI client reporting covered several aspects including: a qualitative narrative on stewardship insights; quantitative dashboard on RI metrics; and an active ownership report from LPPI’s engagement partner, Robeco. It was advised that in October 2020, a best practice assessment would be made by officers on the LPPI client RI report. Peter shared a couple of excerpts from the RI Q1 2020 dashboard and highlighted aspects of note. A brief summary of forward planned

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activity was shared on officer aspirations for policies and reporting.

The Chair thanked Peter for the training presentation.

**1. LPB102 – INTRODUCTORY MATTERS**

**Submission**

The report was provided on various matters arising relating to minutes, action points, planned training, upcoming member appraisals and feedback from the Chair on his attendance at the LPFA Board meeting on 23 July 2020.

**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 and audio conference call. 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 introduced the LPFA Chair and welcomed Helen Astle, who had recently joined the LPFA, to the LPB meeting. The Chair declared that a quorum was present, and the meeting was opened.

Apologies

Adrian Bloomfield had advised his apologies in advance of the meeting and informed the Chair of his intent not to seek a second term on the LPB when his first term expired at the end of January 2020. The Chair confirmed that 1 December 2020 will be Adrian’s last 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.

Minutes and actions points arising

The minutes from the last meeting held on 04 June 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. With regard to the updates advised on the Independent Chair 2019 appraisal recommendations, concerns were raised on item 10 & 11 related to advice from LPPA that they would be standardising client newsletters and that the voice of the LPFA could therefore be diminished. Alistair Peck clarified that LPFA did have editorial input into one of the three newsletters and advised that he was exploring alternative means of engaging with members at a fund level. The opportunity for an LPB member to speak at the 2020 Fund member forum (item 12) was also raised. The CEO advised that due to Covid-19, the plans for the forum had evolved and a simplified event was being planned with a few selected speakers. It was hoped to be able to return to a traditional forum in 2021 when the fund would be able to engage directly with members, and at which the opportunity for an LPB member to participate would be considered.

LPB member appraisal

The Chair advised that the LPB member appraisal meetings would be held virtually over the next few weeks and that members would be contacted by his assistant. It was agreed that for 2020 completion of the appraisal forms would not be required and the appraisal meetings would be used to discuss member performance, with agreed tasks documented. **Action: W Bourne / G Workman**

Training plan

LPB members agreed that it would be beneficial to have calendar invitations sent for planned joint LPB/LPFA Board training. Member attendance at previous CIPFA LPB training events was also advised for recording on the LPB training plan. **Action: G Workman**

Following the Chair’s attendance at the LPFA Board Corporate and Strategic (“C&S”) Session on 23 July 2020, the Chair shared that on behalf of the LPB, he had reminded the Board that the LPB was concerned at the slow progress being made at updating the LPFA member and employer websites. In addition, the Chair had observed the LPFA Board decision to allow LPB to receive more timely draft C&S minutes, under advisement that the minutes could be subject to change.

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The LPB:

- [1] **Approved** the minutes of the meeting held on 4 June 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.
- [3] **Noted** the annual LPB member appraisal process and the draft LPB Training plan for 2020-21 including the proposed sessions with the LPFA Board.

**2. LPFA CHAIR: FIRST 8 MONTHS**

**Submission**

The LPFA Chair provided a verbal update on his strategic priorities and LPFA Board plans for the future, as well as thoughts from his first 8 months in office following his appointment from 1 January 2020.

**Discussion**

The LPFA Chair advised that his initial impressions were very positive and highlighted the significant amount of work achieved by Board over the past 4 years. The Board were considering the LPFA's future strategic approach and how to have effective governance, particularly following the restructure of LPP into a group structure with two business subsidiaries: LPPI and Local Pensions Partnership Administration Ltd ("**LPPA**"). The separation of the business to focus on investments and pensions administration allowed for specialisation in what were two very different types of business. It was agreed to hold a future training session on the new LPP Group Structure and how it has evolved. **Action: R Branagh**

There are a significant number of priorities for the LPFA Board and, mindful that the management team was still small, care was being given to the order that they would be undertaken. The LPFA Chair advised that there was the opportunity to future-proof the Board in terms of depth of specialist expertise and further diversity. Recent discussions from the LPFA Board's away day was shared. Consideration at the away day had included: the opportunity to refine the LPFA position on RI and climate change; LPP service provision; and continuing to collaborate or enhance relationships with other Local Government Pension Funds.

The Chair thanked John Preston for attending the LPB and providing an update.

**3. LPB103 – CEO REPORT**

**Submission**

The report had replaced the general administration report and provided an update on more strategic and LPFA specific business updates. Specific items provided for the meeting were: an update the Business Continuity Plan ("**BCP**")/Covid-19; LPP organisational changes; pooling update; LPFA recruitment; accommodation; and employer engagement during Covid-19. Some items relating to governance and compliance had been moved to a separate agenda item.

**Discussion**

The CEO report took the report as read and highlighted several items contained within the report. LPP Group continued to perform well, in terms of both investment performance and pensions administration service level targets, with most employees working remotely. The CEO's appointment to the LPPA Board was explained as a decision made by the LPFA Board in its capacity as a shareholder of LPP Group and was based on the CEO's previous pensions administration expertise.

The details of recent LPFA recruitment and how the roles would fulfil anticipated requirements of the fund was shared. The LPFA Board had agreed to invest in a proactive role managing the funds relationship with employers. The Planet Mark accreditation was an initial step towards the organisation being more operationally sustainable from a carbon emissions perspective. The CEO thanked the LPB for their feedback on the RPI/ CPI consultation and advised that he would be circulating the response to the McCloud consultation in due course. Thoughts on the £95k exit cap consultation was shared and LGPS National Knowledge Assessment Report was discussed. The CEO commented that he believed there to be an increasing amount of regulatory or compliance activity and that he would welcome LPB input in participating in future consultations or assessments.

The LPB **noted** the contents of the report and agreed to extend an invitation to Alex Omell (Head of Employer Management Services, LPFA) to a future LPB meeting. **Action: G Workman**

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*[John Crowhurst and Chris Dawson joined the meeting.]*

**4. LPB104 – LPPA QUARTERLY CLIENT PERFORMANCE AND MEMBER ENGAGEMENT REPORT**

**Submission**

To present the details of the LPPA quarterly client report for Quarter 1 (“Q1”) 2020/21, a high-level regulatory overview and provide details of plans for LPPA member communications and engagement including details of the member website under development.

**Discussion**

John Crowhurst presented the new LPPA quarterly client report for Q1 2020/21 which provided a quantitative and qualitative overview of performance against agreed service levels. The various performance metrics contained within the report was shared with LPB and it was advised that following client feedback, there would be further refinement of future content. The metrics on elapsed times (retirements) was discussed as an area whereby working in partnership with employers to receive sufficient notice, LPPA could reduce delays in moving members from deferred towards active into payment. Further details could be shared with the LPB representatives at the next working party meeting. John advised the year end requirements had affected some scores but that there had been improvements since June 2020.

Due to Covid-19 and remote working practices in place, LPPA had not been able to capture significant management information for the helpdesk between April to part of June 2020 but that member satisfaction levels had been maintained. A remote solution had been implemented since June 2020 which was providing useful information on the types of calls being received and caller feedback, the details of which would be contained in the next report. John agreed to investigate a query on the casework performance against SLA metrics, as there appeared to be a mismatch to a different report previously provided to the LPB. **Action: J Crowhurst.**

Chris Dawson, the recently appointed LPPA Head of Engagement and Communications, presented an overview of his report including development of a consolidated single member and employer facing LPPA website. Emphasis was being placed on ensuring: the website would meet accessibility guidelines; the more professional aesthetic did not detract from accessible content; and that the information contained addressed common queries from members/employers. The status of the website was advised with a launch date planned towards the end of November 2020.

Chris shared details of strategic objectives for member communications including the plans to professionalise the LPPA email communications platform which would facilitate the broadcasting of more tailored and targeted campaigns. The employer engagement team had been operating in challenging conditions during Q1 2020/21 but had moved to the remote delivery of key activities and plans were underway on how to be more targeted in approaching employer engagement.

The LPB advised their support for the improved visual presentation of the performance report and increased information being provided.

The LPB:

- [1] **Noted** the LPFA Quarterly Client Report and update for Q1 2020/21 including the KPI performance detailed within the report. **Commended** the LPPA team for the improved reporting and information.
- [2] **Noted** the pensions administration regulatory overview.
- [3] **Noted** the engagement activities over the reporting period.
- [4] **Noted** the member and employer communications Work Plan for 2020/2021.

*[John Crowhurst and Chris Dawson left the meeting.]*

**5. LPB105 – LPFA COMMUNICATIONS UPDATE**

**Submission**

To provide LPB with an update on provisional plans for the LPFA Fund Member Forum and the planned tender for the development of a new LPFA Corporate website.

**Discussion**

Alistair Peck presented his report which focused on LPFA corporate communications. He acknowledged the assistance of the Chair and Jenny Lo in reviewing the tender process and confirmed that the procurement exercise was underway. It was hoped that the new LPFA corporate website project would be

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launched towards the end of March 2021. The LPB discussed the requirements of the corporate website project as well as possible additional areas for consideration during the assessment and development process. Alistair confirmed that he would be working with the LPFA Funding and Risk Director on the project and to ensure that the employer related content was suitable. The new corporate website would be used to publish more accessible pensions information for members included short animated clips and video content. It was agreed that the working party representatives - Omolayo Sokoya and Sean Brosnan, as well as Jenny Lo would be available as a 'sounding board' for Alistair on the development of key concepts for the new corporate website.

The LPB:

- [1] **Noted** the proposed LPFA Fund Member Forum Activity.
- [2] **Noted** the Tender document for the new www.lpfa.org.uk website.
- [3] **Agreed** that Omolayo Sokoya, Sean Brosnan and Jenny Lo would be available from the LPB to provide input into the website refresh process.

## 6. LPB106 – RISK AND COMPLIANCE REPORT

### Submission

To provide LPB with an update on various risk, regulatory and compliance matters related to the Fund including Code of Practice 14 (“**COP14**”) assurance statement.

### Discussion

Peter Ballard presented the risk register which had been approved by the Board in July 2020 and provided assurance that the LPFA management team continued to review content on a monthly basis. Turning to the Employer risk contributions report, Peter advised that there was a low level of late payments which were predominately attribute to administrative issues and a very few could be attributed to Covid-19 but all cases had been resolved following engagement with employers.

Helen Astle presented a new quarterly report for Q1 2020/21 from LPPA on Risk and Compliance which was also received by LPFA officers on a monthly basis. The quarterly report contained details of complaints, breaches, incidents, as well as highlighted risks and issues. A breakdown of the reasons attributed to the complaints was shared and further transparency was now being provided by LPPA on the nature of data breaches. Following questions from the LPB, details of revised business practices due to Covid-19 was shared including the Board decision to temporarily suspend the LPFA Seal of Authority to execute documents and implement alternative arrangements, which were working well. A detailed explanation was advised on an incident reported with assurance on the satisfactory outcome of an investigation and further details were requested by LPB on the breach attributed to an employer. **Action: H Astle**

The LPB **noted** the risk register as it relates to scheme risks and the compliance updates.

## 7. LPB107 – GOVERNANCE AND PUBLIC POLICY STATEMENT REVIEW

### Submission

To provide an update on the activities of the LPFA C&S Board sessions, the status of the LPFA pension fund annual report and accounts, key policies including the refreshed draft Climate Change policy and the forward planner.

### Discussion

Following the LPFA Board agreement to provide draft C&S minutes and the intervening time since the last LPB meeting, the previous three C&S minutes were presented. The CEO advised that the LPFA management team were aiming to complete the LPFA pension fund annual report and accounts by the end of October 2020, mindful of the significant work involved to finalise the content.

It was shared that the LPFA Board had recently approved environmental and whistleblowing policies, copies of which were available on the corporate website. The CEO would consider sharing at a high level any reports on whistleblowing. The LPB reviewed the annual plan which would be included in future meetings and it was advised by the LPB that the list was comprehensive. The proposed revisions to the climate change policy was discussed, and it was clarified that the document focus was intended to be strategic. Once finalised LPPA would be tasked with implementing the policy on behalf of LPFA. The CEO requested comments from the LPB on aspects that they would like to see included in the climate change

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policy as well as what other organisations had done. **Action: LPB**

The LPB:

- [1] **Noted** the LPFA Corporate and Strategic minutes from the 10 March, 9 June and 23 July 2020 (Draft), as well as the revised circulation process for draft minutes going forward.
- [2] **Noted** the update on the LPFA pension fund annual report and accounts and statement of accounts 2019/20.
- [3] **Noted** the update on the policies which LPB reviewed in June 2020 and the policies (environmental and whistleblowing) approved by the LPFA Board.
- [4] Provided **feedback** on the proposed changes to the LPFA Climate Change policy.
- [5] **Approved** the replacement of the annual work plan, with a forward agenda planner and for the review of the forward planner to be included as a standing agenda item at every meeting.

**8. ANY OTHER BUSINESS**

The Chair confirmed the date of the next meeting as 1 December 2020 and agreed to meet with CEO in the run up to the next meeting, subject to government guidance, to discuss whether there was the opportunity to hold the next LPB meeting in person.

With no other business the Chair declared the meeting closed at 12:13.

**Signed in draft form for submission to Board**

W Bourne

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**William Bourne, LPB Chair**

14 December 2020

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**Date:**