

LOCAL PENSION BOARD (LPB)

Minutes of the Meeting

Date: Tuesday, 1 December 2020
Time: 10:00– 12:00
Location: Zoom video conference

Present:	William Bourne Adrian Bloomfield Sean Brosnan Jenny Lo Peter Scales Frank Smith Prashant Solanky Amy Selmon Omolayo Sokoya	LPB Chair (“ Chair ”) Employer representative Employer representative Member representative Member representative Employer representative Member representative Employer representative Member representative
In attendance:	Helen Astle Robert Branagh John Crowhurst Chris Dawson Alistair Peck Gillian Workman	LPFA Compliance and Governance Director LPFA Chief Executive Officer (“ CEO ”) LPPA Deputy Pensions Director (item 4 only) LPPA Head of Engagement and Communications (item 4 only) LPFA Communications and Project Manager LPPI Senior Company Secretarial Assistant
Observer:	Anastasia Klimenko Cllr Ruth Dombey Alexander (Alex) Omell	LPFA Business Manager LPFA Board Member LPFA Head of Employer Management Services
Training:	Greg Smith	LPP Director of Strategy
Apologies:	Peter Ballard	LPFA Funding and Risk Director

TRAINING: LPP ORGANISATIONAL CHANGES AND LPP GOVERNANCE CHARTER

Greg Smith, Local Pensions Partnership Ltd (“**LPP**”) Director of Strategy provided historical context on Local Government Pension Scheme (“**LGPS**”) pooling which led to the LPP Governance charter document. Feedback was welcomed from the LPB and could be included in a future iteration of the published document.

Greg Smith advised that LPP Group had always comprised of three legal entities – LPP, Local Pensions Partnership Investments Ltd (“**LPPI**”) and Local Pensions Partnership Administration Ltd (“**LPPA**”). In the original organisational structure established in 2016, the pensions administration business had operated directly from LPP. As well as the provision of general business functions for LPPI and LPPA being held centrally at a corporate level in LPP. The new structure (page 12 of LPP Governance Charter) provided greater autonomy to the subsidiaries, LPPI and LPPA. It was clarified that while it could be construed as a degree of duplication, it in fact allowed for each business subsidiary to self-determine the necessary level of specialisation and appropriate size needed for respective business functions within each entity.

The organisational change could be seen most significantly in LPPA, for example, with pensions administration personnel transferred into the legal entity and the formation of a specialist risk and compliance team focused on pensions administration related concerns. At LPPI, due to financial regulation, for example, Senior Managers & Certification Regime and MiFID II, there were different levels of compliance, legal and governance requirements. As a result of the restructure, cost transparency and strategic cost decisions was now possible at a subsidiary level. This was particularly important when comparing LPP business costs with other LGPS's via the various cost transparency initiatives.

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[Sean Brosnan joined the meeting.]

In the new structure, at an LPP Group level, a 'skinny' Board was now in operation with budget and strategy oversight, comprised of a slimmed down number of Board members and a few staff with a group function. Assurance was provided that the projected fund management and investment related cost savings, made since LPP was launched in April 2016, continued to be delivered by LPPI and were still realistic. Greg Smith confirmed that there were no immediate plans for any further changes to the new organisational structure. However, there was engagement on possible shareholder related governance matters being considered to reduce duplication and ensure efficient decision making in the future.

The Chair thanked Greg Smith for the training presentation.

1. LPB108 – INTRODUCTORY MATTERS

Submission

The report was provided on various matters arising relating to minutes from the meeting held on 15 September 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 Cllr Ruth Dombey from the LPFA Board and welcomed Alex Omell, as observers to the LPB meeting. The Chair declared that a quorum was present, and the meeting was opened.

Apologies

The CEO advised apologies had been received from Peter Ballard.

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 conflict declared by the LPFA CEO with any matters under discussion regarding pensions administration due to his role as the LPFA shareholder appointed statutory director representative on the LPPA Board was noted.

Minutes and actions points arising

The minutes from the last meeting held on 15 September 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.

The LPB:

1. **Approved** the minutes of the meeting held on 15 September 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 standing conflict declared by the LPFA CEO with any matters under discussion regarding pensions administration due to his role as the LPFA shareholder appointed statutory director representative on the LPPA Board.

2. LPB109 CHAIR ANNUAL APPRAISAL REPORT

Submission

The LPB Chair annual appraisal report for 2020 following individual appraisal meetings with LPB members in October and November 2020.

Discussion

The LPFA Chair presented his appraisal report and confirmed that he had now met with 7 of the 8 LPB members, with the exception of Adrian Bloomfield who would be retiring in January 2021. The CEO provided background clarification on the status of the Balanced scorecard exercise which a couple of LPB

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members had contributed to and would consider whether to share any resulting outcomes from the exercise. The Chair noted the satisfactory level of support by LPP's corporate services function and the positive feedback from LPB on the report was noted.

The LPB:

1. **Noted** the contents of the LPB Independent Chair appraisal report for 2020.
2. **Noted** the LPB training summary with the minor amendment on historical attendance and the CIPFA/Barnett Waddingham future seminar dates.

3. LPB110 – CEO REPORT

Submission

The report provided an update on general LPFA fund related activities since the last meeting in September 2020 for the Quarter 2 ("Q2") 2020/21 period. Specific items provided for the December meeting included: an update on: the Business Continuity Plan ("BCP")/Covid-19; financial monitoring details; investment performance; LPP Group (LPP, LPPI and LPPA) corporate services to the LPFA; LPFA recruitment; and LPFA participation formal consultations.

Discussion

The CEO advised the LPB on recent organisational recruitment and changes which were reflected in the latest organisational chart provided for the meeting. The LPFA personnel continued to cover a significant amount of work, despite working remotely from home due to Covid-19. Further context was provided to reaffirm the satisfactory statement on LPP investment management performance during 2019/20, with details of comparators from the Local Authority Pension Performance Analytics (LAPPA) Annual review of local authority performance analytics and the Pensions & Investment Research Consultants (PIRC) summary of Fund performance in LGPS shared.

The details of changes in the provision of select corporate services by LPP Group was advised by the CEO, with further developments to take effect from 31 March 2021. The change by LPP Group was indicative of their strategic decision to focus on the core investment and pensions administration businesses and not support other organisations, even LPFA. The CEO believed that LPFA had an opportunity to now focus on value for money, ensure quality of service and that they could provide inhouse services at a cost reduction to what had been paid to LPP Group. The CEO confirmed that there had been time to test interest from the wider Greater London Authority (GLA) Group to provide services to the LPFA, as well as possible future consideration for the LPFA to provide employer management services to other organisations but LPFA would now be concentrating on building its own capability and systems around these services.

The CEO provided context and assurance, recently confirmed by the LPFA Board in October 2020, that the LPFA Section 151 Officer would continue until the end of the contract term of 31 March 2021. At which time there would be the opportunity to reassign the principal officer function. It was also reported that the newly appointed LPFA Compliance and Governance Director, Helen Astle, was now getting up to speed and acting effectively as the LPFA Monitoring Officer.

Details of LPFA Board member recruitment was provided, following a number of retirements or members standing down. The CEO was engaged with London Councils to recruit a senior politician for the Board, as well as working closely the GLA on the wider Board member recruitment process. The LPFA had taken a lead role during the initial stages; by advertising the Board roles in key publications which had received notable interest; and the Chair and CEO were conducting first round interviews. An interview panel comprised of select members of the GLA and LPFA Chair would conduct a second round of interviews of shortlisted candidates.

The LPB was informed of the anticipated launch of the London Fund, with London CIV and LPPI going through the necessary compliance and governance steps. A high level view of possible investment from other interested London Boroughs and the dual benefit "double bottom line" aspiration was shared.

The CEO provided details of resolution times for stage 2 Internal Dispute Resolution Procedure ("IDRP") cases. A couple had taken longer than seemed reasonable to resolve and were related to ill health retirement. Following recruitment at LPPA and LPFA, more recent IDRP responses were now being handled efficiently. It was suggested for the LPFA Compliance and Governance Director and LPPA Head of Risk and Compliance to review the IDRP processes and to update the LPB on any developments

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including how to keep members (and their employers) more updated on the status of their IDRPs cases.

Action: H Astle

The LPB provided feedback on the LPB member recruitment and induction plans. LPB suggested additional required reading materials for new members could include the Investment Strategy Statement and Pension Fund Annual Report 2019-20. The LPB discussed whether it was appropriate for the member representative being recruited to represent either the deferred, active or pensioner membership or if there were any specific client group which could benefit from representation. The CEO confirmed that diversity and inclusion would be considered, along with reaching as wider a member and employer audience as possible, within the LPB membership parameters.

The LPB:

1. **Noted** the contents of the report
2. **Advised** feedback on the LPB member vacancy recruitment process plan, job specification and draft induction plan.

[John Crowhurst and Chris Dawson joined the meeting.]

4. LPB111 – LPPA QUARTERLY CLIENT PERFORMANCE AND MEMBER ENGAGEMENT REPORT

Submission

For LPPA to present the LPFA quarterly administration report for Q2 2020/21 and share details on member engagement communications. An additional report had been provided on the effectiveness and utility to members of electronic communication, in line with the LPB forward planner.

Discussion

John Crowhurst presented the highlights of the Q2 2020/21 report with LPPA casework performance against SLA continuing to exceed target. Following feedback on the Q1 2020/21 report, several aspects had been added to the quarterly client report including details on: elapsed times (which could be provided at an employer level); timescale to lump sum payments; and helpdesk performance. Regarding helpdesk performance statistics, LPPA had been able to provide client specific statistics from July 2020. The increase in call wait times was attributed to an annual benefit statement (ABS) communication. John Crowhurst clarified that the helpdesk calls related to online queries was due to members enquiries for online access and call volumes on online queries were anticipated to be lower in future months. Following LPB discussion on data quality targets, it was advised that LPPA had recently appointed Target Professional Services to assist in the screening and cleansing of their client's member data.

LPB discussed and noted the positive trends being reported in the report. The opportunity to improve the level of member email contact details through employers was raised. John Crowhurst advised that the new LPPA bulk mailout software provided a new means for the fund to engage with members in a targeted manner and the specific engagement with employers was noted.

Following a request from the Chair, John Crowhurst shared details of the system outage which took place early October 2020 and how the impact had been mitigated by LPPA through the prioritisation of cases. A workshop was due to take place to capture any resulting lessons learnt from the incident.

Chris Dawson presented an overview of the LPPA effectiveness and utility to members of electronic communications report. The LPPA Engagement, Marketing and Communications team were actively working with employers to increase member work email addresses, with an aspirational email address target of 42% of total membership. Member engagement via social media would only be undertaken following clarification on the monitoring of member comments. A planned launch in January 2021, on the use of 'livechat' and unobtrusive text message engagement was shared, with a learning hub due later in 2021. The cost efficiencies of engagement via the online platform was highlighted, with the cost of sending 700 emails to members being equivalent to the cost of sending 1 letter to a member, as well as electronic communication having the additional benefits of improved targeted messages and quicker response times. Chris Dawson noted that the capture of data analytics would inform future website content and campaigns.

The imminent launch of the LPPA Pensions website was advised, expected by the 16 November 2020, but delayed due to the additional time taken to approve the content. The LPB discussed the small number of members who had opted out of receiving emails and received assurance that LPPA would continue to support these members by providing similar information via alternative means.

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The LPB:

1. **Noted** the LPFA Quarterly Client Report and update for Q2 2020/21 including the KPI performance detailed within the report.
2. **Noted** the engagement and communications activities for Q2 2020/21, as well as future Q3 2020/21 period.
3. **Noted** the report on the effectiveness and utility to members of electronic communication.

[Ruth Dombey, John Crowhurst and Chris Dawson left the meeting.]

5. LPB112 – LPFA COMMUNICATIONS UPDATE

Submission

To provide an update on LPFA corporate communication plans including a member's survey; the results of recent member communication activity on climate change and the delay in the previously discussed Fund Member Forum activity.

Discussion

Alistair Peck presented his report and shared plans for an annual member survey to be sent at random to 4000 members via email to gauge members sentiments. This initial survey had been developed in conjunction with questions from the Pensions Policy Institute to research the role of Environmental, Social and Governance, as well as responsible investment in engaging members. Feedback via email on the survey questions from LPB was welcomed. **Action: LPB**

Alistair Peck noted the recent climate change animation communication to members had provided an opportunity to directly engage with members and seek data on readership, which would inform effective communications going forward. The details of future engagement activities were shared including the use of additional animated short clips on specific topics. Alistair Peck confirmed that the LPFA social media accounts (except Facebook or Twitter) were regularly monitored, with negative comments moderated.

The Chair thanked Alistair Peck for sharing details on the interesting initiatives being taken on corporate communications and the early successful impact.

The LPB:

1. **Discussed** the questions planned for the Member Survey.
2. **Noted** the results of the member communication activity on climate change and **discussed** future focus areas.
3. **Noted** the delay in the proposed LPFA Fund Member Forum Activity.

6. LPB113 – 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; compliance oversight of the outsourced services delivered by LPP Group and a regulatory horizon scanning report.

Discussion

Helen Astle presented a summary of her report, highlighting the regulatory updates, responded to queries raised at the previous meeting and clarified the processing breaches figures for overpayments. Following discussion by LPB regarding the incident in September 2020, it was agreed to clarify the formal reporting procedures with the necessary authorities. **Action: H Astle**

Assurance was shared that LPPA had conducted fraud prevention training with staff to assist with identifying and mitigating different types of fraud, as well as capturing any lessons learnt. The monitoring of potential pension transfer mis-selling was advised and an intent to join a scheme was shared. It was advised that initial discussions with Lancashire County Council were taking place on performance measures for LPPA and was considering possible claw back provisions.

The LPPA Annual Assurance Report from August 2020 based on Audit and Compliance Monitoring activity was noted. The report highlighted the significant amount of work which had taken place since the LPPA Head of Risk and Compliance (Janet Morville-Smith) joined in April 2020. The Chair commented that during

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his recent appraisal meetings, a query regarding verification of assurance reports received from LPP Group and the possibility of training on the matter been raised. It was suggested for Janet Morville-Smith to attend a future LPB meeting to provide clarification for LPPA. **Action: H Aslte**

The LPB noted the monitoring investment costs assurance statement including custodian and transaction costs from LPPI but requested for the information for LPFA only to be reported going forward. **Action H Aslte**

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

7. LPB114 – GOVERNANCE AND PUBLIC POLICY STATEMENT REVIEW

Submission

To provide an update on the activities of the LPFA Corporate and Strategic (“**C&S**”) Board session minutes from 13 October 2020 and LPB forward planner. The proposed changes to the Gifts, Hospitality and Expenses (“**GHE**”) framework and an annual review of the Fraud Control Framework (“**FCF**”) were provided for feedback.

Discussion

Helen Astle presented the GHE policy, which had been recently reviewed by the LPFA Audit and Risk Committee in November 2020 and had been amended to align with the GLA minimum reporting thresholds. Following questions from the Chair on alignment with the LPB Terms of Reference, it was agreed to review the proposed GHE policy to ensure that members would be able to claim expenses. **Action: H Astle**

Helen Astle advised that the FCF had been reviewed, as part of an annual update, and that the action plan had been amended to focus on more strategic items. LPB provided feedback to confirm that the FCF focused on LPFA controls in the introduction. **Action: H Astle**

The forward planner was approved, subject to incorporation of feedback to ensure regular review of **COP14** requirements and consideration of other investment related regulatory requirements. **Action: H Astle / W Bourne**

The LPB:

1. **Noted** the draft LPFA C&S minutes from the 13 October 2020.
2. **Discussed** and provided feedback on the proposed changes to the GHE framework
3. **Discussed** and provided feedback on the annual review of the Fraud Control Framework.
4. **Approved** the new forward agenda planner and to delegate to the Chair and relevant LPFA officers to make amendments following feedback from LPB.

8. ANY OTHER BUSINESS

The Chair noting that this was Adrian Bloomfield’s last meeting and formally thanked Adrian for his support on the LPB over the past four years.

With no further business, the Chair confirmed the date of the next meeting as 2 March 2021 and closed the meeting.

Signed in draft form for submission to Board

W Bourne

22 March 2021

William Bourne, LPB Chair

Date: