



## Local Pension Board (LPB)

**Minutes of the meeting  
held on 28<sup>th</sup> November 2016, 11:30am  
Room G.04, 169 Union Street, London, SE1 0LL**

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<b>LPB Members</b>	William Bourne Omolayo Sokoya Simon Steptoe Jamie Ratcliff Sean Brosnan Frank Smith Bernadette Jansen Peter Scales	LPB Chairman Member representative Member representative Member representative Employer representative Employer representative Employer representative Member representative
<b>In attendance:</b>	Mike Allen Tony Williams Alex Omell  Chris Rule Anastasia Kilmenko	LPFA Managing Director LPP Head of Employer Services (Training only) LPP Assistant Manager, Employer Risk Services (Item 6 only) LPP CIO (Item 4 only) EA to LPFA Managing Director (Observer)
<b>Minutes taken by</b>	Rebecca Pitt	LPP Governance Advisor
<b>Apologies</b>	None received	

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The LPB was presented with a bite size training presentation on the outcome of the Triennial Valuation 2016. Tony Williams, LPP Head of Employer Services, provided the LPB with the project timeline and ongoing basis, Covenant checking progress, employer's financial strength and engagement, Funding Strategy Statement, categorisation and finalisation of the triennial valuation. The LPB requested to see a high-level list of employer categorisation at the next meeting. **Action: TW**

### 1. LPB025 - INTRODUCTORY MATTERS

#### Submission

The report LPB025, which included the minutes and actions of the meeting held on 12<sup>th</sup> September 2016, an update on the LPB staggered membership and the appointment process for a new employer representative, was submitted to the LPB.

#### Discussion

The Chairman welcomed the LPB members to the meeting and reconfirmed that no apologies were received. It was noted that Jamie Ratcliff needed to leave at 1.30pm. No new declarations of interests were received.

Peter Scales commented whether the statement in the previous minutes 'the LPP Board are able to make any changes as deemed appropriate' was factual. The Managing Director confirmed that the LPP Board had the authority to make decisions to its subsidiaries.

The Governance Advisor provided an update on the appointment process for a new Employer Representative. The LPB noted that expressions of interest were relatively low and suggested that the process for appointing future representatives be reviewed to encourage more interest. It was noted that an interview had been arranged with one candidate, with the expectation that if approved he would be appointed in the New Year. **Action: RP**

The LPB noted all LPB members who volunteered to stagger their membership and retire after 2 years have agreed to continue for another full-term.

Bernadette Jansen suggested that the information being delivered to the LPB be checked against the LGPS guidance on Local Pension Boards to ensure the right and relative information was being delivered at these meetings. The Chairman suggested discussing this in more detail later in the agenda.

## **Decision**

### **The LPB:**

**[1] Approved** the minutes of the meeting held on 12<sup>th</sup> September 2016 as a true and accurate record of the meeting.

## **2. LPB026 – LPB PERFORMANCE REVIEW**

### **Submission**

The report LPB026, providing the LPB with a summary of the appraisal meetings held in October, recommendations for training and key topics for 2017 was submitted to the LPB.

### **Discussion**

The LPB collectively agreed that after fifteen months they had a general-good understanding of how they could perform their statutory role, and that the move to quarterly meetings had been helpful.

Bernadette Jansen noted that one of the Board's stated responsibilities was to keep a list of all policies. In response to Bernadette's query, the Governance Advisor confirmed that a list of public policy documents including a hard copy pack, was provided to the LPB in one of its meetings held in 2015. It was noted that all public documents are under review as part of the LPP transformation project. The LPB

requested to be involved in the reviewing process.

Jamie Ratcliff suggested making the information provided more user friendly, and the Board agreed that it would be a useful exercise for the Board to review the material we receive for its relevance and for any gaps that may exist. **Action: RP**

Peter Scales expressed his concern regarding the LPP governance structure and asked whether an updated governance and compliance statement had been published as recommended by the CIPFA guidance on LGPS pooling. The Managing Director noted his comment and stated he would seek further clarification. The LPB also requested to have access to the LPFA Board's public minutes at these meetings. **Action: MA/RP**

The LPB discussed the format of future training. Most members favoured the bitesize training sessions held at the beginning of each meeting, but some members suggested a longer session might be useful for larger topics. The LPB commented that the training plan highlighted in Annex 1 was too investment focused, and that it would be helpful if the training session were organised to be relevant to the topics under discussion at the same meeting. The Governance Advisor suggested reviewing the LGPS guidance for Local Pension Boards and amending the training plan accordingly. **Action: RP**

The LPB noted that the Governance Advisor and Managing Director would circulate selected relevant external events to the LPB members in the future and the Chair encouraged all members to make an effort to attend at least one of the CIPFA series for Local Pension Boards in 2017.

The LPB noted the 2017 agenda planner presented as Annex 2. The Governance Advisor highlighted that the 'green' boxes identified 'dive deep' topics for a longer discussion at each meeting. The LPB agreed to form a Working Party of Bernadette Jansen, Sean Brosnan, Jamie Ratcliff and the Chairman to make proposals on the Annual Benefit Statements (ABS) and report back to the LPB in the March LPB meeting. **Action: WB/BJ/SB/JR**

## **Decision**

### **The LPB:**

- [1] Agreed** to continue having training bite size chunks or separate sessions should be revisited, and that it should be focused round reports.
- [2] Noted** that relevant training events would be circulated to Board members, and expenses paid.
- [3] Noted** that the appraisal form would be reviewed before 2017 appraisals are held.
- [4] Agreed** to form a Working Party to present proposals at the March meeting with recommendations how to improve the ABS.
- [5] Noted** the remainder of the report.

### 3. LPB027 GOVERNANCE UPDATE

#### Submission

The report LPB027, providing the LPB with the final version of the Investment Strategy Statement (ISS), LPFA's Fraud Control Framework and general governance update, was submitted to the LPB.

#### Discussion

The Chairman welcomed Chris Rule, CIO and Managing Director of LPP Investments Ltd (LPP I) to the meeting.

Chris Rule provided a summary of the development of the Investment Strategy Statement (ISS). The LPB noted that the timescale had been tight and that the ISS replaced the Strategic Investment Principles (SIP) and was needed to allow the LPFA to access the revised regulations and start the pooling process. The LPB noted that the LPFA Board had provided feedback in its meeting held in October and had approved it via email on 31 October 2016. Chris Rule noted that the LPB had its own reservations regarding the process of the creation of the ISS against the new regulations, and that the LPB Chairman had provided feedback to the Managing Director by email. The LPB understood the urgency of having an ISS in place and noted that the intention was to review it further by 31<sup>st</sup> March 2017. The Managing Director informed the LPB that the Audit and Risk Committee also supported the process of implementation of the ISS.

The LPB noted that an Asset Management Agreement (AMA) was in place to govern what LPP I could invest/not invest in on behalf of its shareholders. Chris Rule informed the LPB that the Strategic Asset Allocation (SAA) included in the ISS was reviewed and approved by the Board and that scenario analysis had been performed as part of the process.

Peter Scales queried the validity of the ~~whether the~~ permitted asset allocation ranges ~~as the wording allowed under/over allocations. were sufficient.~~ The LPB noted that the Managing Director was informed of all breaches of both the Policy Portfolio ranges and/or more detailed Asset Class Mandate limits. Where Breaches occur, narrative is provided and an appropriate cure would be proposed by the LPP. As part of the ISS update review, Chris Rule suggested applying similar language to that of the old LPFA SIP, which articulated flexibility to move toward target asset allocation levels over time and subject to available investment opportunities."

**Action: CR**

Peter Scales commented that in his view the ISS was not compliant with the regulations due to the absence of the consultation. The LPB discussed whether it was necessary to consult Employers before implementing the ISS under regulation 7(5) and noted that there had been consultation with Employers on the Funding

Strategy Statement, as recommended by CIPFA guidance.

Chris Rule confirmed that the regulation stated that the authority must consult such persons as it considered appropriate. The LPB noted that the LPFA Board, and the Audit and Risk Committee had reviewed the ISS and were both satisfied that its creation had complied with all relevant legislation. ~~The LPB accepted this assurance.~~

The Chairman thanked Chris Rule for his attendance.

The Managing Director introduced the Fraud Control Framework. It was noted that the Framework had been reviewed and updated to ensure that there was sufficient controls and reporting arrangements in place to reflect the new partnership arrangements.

Peter Scales suggested direct contact details for the LPFA were more appropriate than those of LPP. The Governance Advisor confirmed that all of the fraud related Codes of Practice and policies of the LPFA had been adopted by LPP and its subsidiaries which would be reviewed as part of the Transformation Project.

**Action: RP**

The LPB requested confirmation on how personal data would be sent in relation to the National Fraud Initiative (NFI) requirements.. The Managing Director confirmed that the data would be sent securely but would clarify on the method outside of the meeting.

**Action: MA**

Jamie Ratcliff departed the meeting at 1.30pm.

The LPB noted that a detailed transformation plan had been drafted to highlight the proposed integration of the key services to be delivered in the future on behalf of the LPFA. It was noted that the LPB would receive an update at the next meeting, once a paper had been distributed to the LPFA Board in December.

Sean Brosnan provided an overview of his attendance at the Member and Employer Fund Forum. It was noted that the Member fund forum was well received, subject to one member commenting on the timing of the annual report. The Managing Director confirmed that the LPFA had considered his comments and responded to him promptly. Simon Steptoe suggested having an evening session for those that are unable to make the day event due to work commitments.

**Action: RP**

The LPB noted that the Employer Fund Forum attendance and employer engagement was disappointing. The Chairman reiterated that Communication for both Members and Employers would be a 'deep dive' topic in 2017 and ways of improving communication should be a key area.

## **Decision**

### **The LPB:**

**[1] Noted** that the Audit and Risk Committee was comfortable that of the ISS complied with relevant regulations and guidance, but expressed concerns as

to whether it was fully compliant with the regulations regarding consultation and asked for the wording around the permitted ranges be clarified.

[2] **Noted** the suggested amendments on LPFA's Fraud Control Framework.

[3] **Noted** the key considerations for any integration and transformation plan.

#### 4. LPB028 COMPLIANCE WITH THE COP14

##### **Submission**

The report LPB028, the LPB on compliance with the COP14 and reporting breaches procedure note, was submitted for consideration and noting.

##### **Discussion**

The LPB noted the progress update on the Internal Audit review of the COP 14 and emphasised that all breaches should continue to be reported to the LPB.

The Chairman welcomed Alex Omell, Assistant Manager, Employer Risk Services. The LPB noted that the draft procedure note for reporting breaches was generalised and not all relevant to the LPB. He asked for it to be reviewed before the LPB could approve it. Alex requested feedback on the procedure note to ensure it was effective for the LPB.

The LPB commented that as currently drafted, the process was not clear on what a LPB member should do if he/she believed that a material breach had occurred. The LPB suggested the first point of contact should be the LPB Chairman. If he agreed the breach was material, he would then discuss with the LPFA Managing Director. It was noted that a process should also be considered for the circumstance that the Managing Director was responsible for a breach. Alex Omell noted that if such event took place, that the LPB Chairman should discuss it with the LPFA Chairman. The LPB agreed that if a breach was to arise, that it would be discussed at the meeting and a decision would be made collectively.

The Chairman thanked Alex Omell for his attendance.

##### **Decision**

##### **The LPB:**

[1] **Noted** the update and progress of the COP 14 Internal Audit Report.

[2] **Discussed** the draft LPB breach reporting procedure and requested further changes before approval.

#### 5. LPB029 COMMUNICATIONS, MEMBER & EMPLOYER UPDATE

## **Submission**

The report LPB029, which provided the LPB with the outcome of the Triennial Valuation 2016, Final Draft Funding Strategy Statement, scheme risks and data quality programme, was presented to the meeting for noting.

## **Discussion**

The LPB noted the outcome of the 2016 Triennial Valuation earlier in the meeting and asked whether employer's valuation results would be released before 31<sup>st</sup> December 2016. The Managing Director reminded the LPB of the tight deadline, and stated that he would liaise with Tony Williams. The LPB suggested that if this was not possible, to consider focussing on releasing category C employers first.

**Action: MA**

The Managing Director introduced Annex 3, the data quality programme to the LPB. It was noted that LPFA's administration software contained the up to date data required by the Actuaries for the 2016 Triennial Valuation and LGPS regulations. He commented that this paper was not a public document due to sensitive information attached. The LPB asked whether data from other funds was available, but were told that there is little in the public arena.

**Action: RP/MA**

The LPB noted the draft Communication Planner for 2017. The Managing Director suggested revisiting LPFA's newsletters for employers and members, in future meetings.

**Action: RP**

The LPB noted the update on the LPFA Risk Register and that a lot of the risks related to the creation of LPP and the transformation project which that entailed.

## **Decision**

### **The LPB:**

- [1] **Noted** the content of the report, including the Funding Strategy Statement.
- [2] **Noted** the draft 2017 Communication Planner.
- [3] **Noted** the update on the data quality programme.
- [4] **Noted** the current position of the LPFA corporate risk register and scheme risks.

## **6. LPB030 FINANCIAL REPORTING**

### **Submission**

The report LPB030, which provided the LPB with the financial analysis of LPFA's solvency, cashflow, Investment performance raw data produced by LPFA's custodian as at 30<sup>th</sup> September 2016, was presented to the meeting for noting.

### **Discussion**

The LPB noted the financial reports and commented that the budget position was consistent compared to the August Report presented at the last meeting.

The LPB discussed whether they needed to see this level of detail at future meetings, and whether assurance or a summary could be provided as an alternative. The Managing Director confirmed that the LPFA Board receives Financial Reporting monthly. It was noted that the LPFA Board would be receiving a proposal on the LDI Strategy and the outcome would be shared with the LPB for information.

The Chairman proposed taking this offline with the Managing Director and suggested to review the list of documents to be presented at the LPB Meetings.

**Action: MA/WB**

**Decision**

**The LPB:**

[1] **Noted** the contents of the reports.

## **7. LPB031 LPFA PERFORMANCE REPORT**

**Submission**

The report LPB031, which provided the LPB with an update on the performance for Quarter 2 2016/17 of administration performance against the set targets, complaints and any breaches, was presented to the meeting for noting.

**Discussion**

Peter Scales queried whether CIFAS membership could be detrimental to the credit worthiness of the member concerned. The Governance Advisor reassured the LPB that the CIFAS membership offered to members was in relation to fraud identify protection only.

The LPB requested that reports on ISO incidents give more detail on the types of incidents e.g. Loss of Equipment.

**Action: MA**

Sean Brosnan highlighted his concern regarding employees not accessing their Annual Benefit Statements (ABS) online. It was noted that ABS's would be discussed in more detail at the next meeting. Simon Steptoe suggested that ABS's to be linked with employers payslip systems. The Managing Director confirmed that access to your own employer's data would need to be considered under Data Protection Regulations. It was agreed that this would be discussed at the Working Party (WP) meeting.

**Action: WP**

Frank Smith provided a verbal update on his review of the ISO Risk Register. The LPB noted that the register was informative and that there were no concerns. He also informed the LPB that the LPFA should start considering the new Data Protection Regulations coming into place in 2018.

**Decision**

**The LPB:**

[1] **Noted** the contents of the reports.

**8. AOB**

Bernadette Jansen informed the LPB of the Self-Assessment Tool highlighted at the CIPFA seminar held on 8<sup>th</sup> November 2016 and encouraged the LPB to participate. The LPB noted that Bernadette would circulate this information via email.

**Action: BJ**

With no further business, the Chairman declared the meeting closed at 14.25pm.

Signed in draft form for submission to LPFA Board

**William Bourne**  
**Local Pension Board Chair**

**Date: 13<sup>th</sup> December 2016**

## Action Points from the Local Pension Board



Meeting	Matters arising	Lead	Due by	Progress
<b>LPB 01.07.16</b>	<b>LPB014 – COMPLIANCE WITH THE COP14</b> To include the LPB in the reporting of breaches stage and draft a procedure note on the duty of reporting for the LPB.	RP		Email TW and Alex 18.07.16
	Scope the possibilities of hosting a second email address on our contact management systems to help/ensure communications are delivered to members/employers no matter what.	RP		Emailed Geoff and Martin 18.07.16
	Provide a demonstration of the Training tools available 1) Knowledge Zone 2) E-Learning.	RP		Emailed WL 18.07.16
	Add training as a key item for the next meeting, and provide a gap analysis to identify the training required for the Board.	RP		Complete.
	Schedule a September meeting to be in line with the Annual Report approval process.	RP		Complete.
	Arrange for LPB meetings for 2017 – quarterly.	RP		Not due yet.
	<b>LPB015 – GOVERNANCE UPDATE</b> Circulate an update on cost savings and process on FCA operator at the next meeting.	MA		Next meeting add to agenda, invite Greg.
	Share the draft LGPS government consultation response to the LPB.	MA/RP		Complete?
	Circulate the SLA and reporting structure to the LPB at the next meeting, including legalities and resources	MA		Next meeting add to agenda, invite Greg.
	Amend the LPB Annual Report [change 'Scheme since 1972' to 'Fund in recent years'].	RP		Complete
	<b>LPB016 - COMMS, EMPLOYERS AND MEMBERS</b> Update LPB on Employer categorisation risks at the next meeting.	RP/MA		Email TW and Alex 18.07.16
	Email the ISO Risk Register to Frank Smith for an informal review. An update would be provided at the next meeting.	RP/FS		Emails Uju 18.07.16
	Inform LPB of the Employer Fund Forum Date, venue, agenda etc.	RP		17 <sup>th</sup> November, 169 Union Street, agenda yet TBC
	Inform LPP of your attendance of the Employer or Member Forum.	ALL		
	<b>LPB017 FINANCIAL REPORTING</b> Query the limit within the Investment Report,			Emailed Tricia 18.07.16

	<p>and request an explanation on how these correspond with the regulations.</p> <p>To clarify with the Investment Team whether the LPP plan to borrow any cash in result of the EU referendum vote.</p>	<p>RP</p> <p>MA/RP</p>		<p>Emailed Tricia 18.07.16</p>
<p><b>LPB 10.03.16</b></p>	<p>To circulate the staff newsletter regarding Executives</p> <p>To provide information on the differences between LPFA and LCPF.</p> <p>Provide LCPF LPB minutes.</p> <p>To share future cost savings.</p>	<p>RP</p> <p>WB</p> <p>RP</p> <p>RP</p>	<p>31 Jun 16</p> <p>31 August 16</p> <p>31 Jun 16</p> <p>Nov 16</p>	<p>RP to circulate following the LPB meeting on 29<sup>th</sup> June.</p> <p>Not due yet.</p> <p>RP to circulate following the LPB meeting 29<sup>th</sup> June.</p> <p>Not due yet.</p>
<p><b>LPB 06.07.15</b></p>	<p><b>LP001 - INTRODUCTORY MATTERS</b>  Improve the communication report to improve communications with members, focus on auto enrolment, NI changes, ABS, transferring out and improving the understanding of liabilities.</p> <p>Look into benchmarking/comparing other pension funds to help with KPI's.</p> <p><b>LP002 – PERFORMANCE SUMMARY</b>  To include a breakdown of Cost per Member i.e. Administration and Investment.</p>	<p>MA</p> <p>JC</p> <p>RP</p>		<p>In progress and forms part of the engagement plan.</p> <p>Update has been provided in Paper LPB016.</p> <p>In progress for 2015/16 accounts.</p>