

MINUTES

APPROVED

Meeting: Local Pension Board (LPB) of the London Pension Fund Authority
Date: Thursday 26 September 2024
Time: 10.00-12.30
Location: LPFA Offices, G.03, 169 Union Street, London SE1 0LL

Present:

Andy Cunningham	LPB Chair (Chair)
Mike Allen	Member Representative
Stephen Boon	Employer Representative
James Cherry*	Member Representative
Tadija Popovic	Employer Representative
Luke Rigg	Employer Representative
Surendra Wanza*	Member Representative

In Attendance:

David Parker	LPPA Head of Operations
Chris Dawson*	LPPA Head of Engagement and Communications
Anastasia Klimenko	LPFA Chief of Staff
Mark Anderson	LPFA Director of Compliance & Risk
Alistair Peck	LPFA Head of Comms and Engagement
Jason McKenzie	LPFA Governance, Risk & Compliance Officer (Minutes)

Apologies:

Amy Sweeting	Member Representative
Ashley Durkan	LPFA Governance Manager
Natalie Watt	Member Representative

**via MS Teams*

0. Annual Reports and Accounts Training Session

- 0.1 Audrey Allen-Chitwa, LPFA Head of Finance and Accounting presented the Board with an overview of the accounts framework, processes and team structure. The Board noted the Finance team have prepared the accounts and are likely to meet the September filing date deadline.
- 0.2 The term 'triviality' was clarified as an amount below the reporting threshold, lower than materiality, used to determine if the accounts denote a true and fair representation of the business.
- 0.3 It was clarified that the cost per member (CPM) is calculated by LPPA as a cost to provide member services and does not necessarily decrease as membership increases, as added members drive the overall cost. The increased CPM was expected.

1. LPB2016 – Introductory Matters

Chairman's welcome, apologies, and declarations

- 1.1 The Chair welcomed those present and confirmed quorate. No new declarations of interest had been made ahead of the meeting and apologies had been received from Amy Sweeting, Natalie Watt, and Ashley Durkan.

Minutes of the Meeting held on 12 June 2024

- 1.2 The Board **REVIEWED** and **APPROVED** the minutes of the last meeting held on 12 June 2024, subject to the correction of some typographical errors.

Action Points

- 1.3 It was clarified the outcomes of the AVC review are likely to result in changes to the default product offered by the current provider, Prudential. This will allow members to make more active decisions in fund investments. It was noted that despite AVCs being personal contracts between members and a third-party, LPPA is required to record the details.

2. LPB217 – LPFA Operations Report

- 2.1 The Director of Compliance and Risk provided an overview of the papers, highlighting the target operating model previously submitted to the Chair of the LPFA Board is now pending resource allocation due to senior recruitment, however, the Board noted organisational priorities remain unchanged.
- 2.2 The Board noted the TPR Code gap analysis is complete; and the GRC platform project, which replaces CAMMS with Protecht, is expanding in the use case to increase business automation function interlinkages such as TPR Obligations, Risk Management, Vendor Management, and Breach Management. Further detail will be provided at the next meeting.
- 2.3 The Board noted LPP Group growth agenda progress continues with initial discussions into collaborations in the LGPS environment being held; and LPFA responded to the recent government consultation call for evidence regarding Pensions Reform. The Board noted the Senior Leadership Team (SLT) are moving forward with plans of organisational scalability as intended rather than await a government mandate.
- 2.4 The Board **NOTED** the operations report.

3. LPB218 – LPFA Compliance, Oversight and Regulation

- 3.1 The Director of Compliance and Risk provided an update on compliance oversight and regulation, taking the report as read and highlighting LPPA performance is improving, despite some challenges and UPM is more aligned to automation processes.
- 3.2 The Board discussed ABS performance around incorrect addresses, noting the figures quoted are end Q1 2024/25 and have since been subjected to data verification checks. The Communications team are engaging with 9000 members with newly verified addresses whilst driving the continuing campaign to encourage members to register and use PensionPoint. The Board agreed the ABS success rates have improved compared to previous years though could still be higher especially when considering the membership size and that other LGPS funds achieve higher results.
- 3.3 The Board noted the continued efforts by the EMS team in obtaining timely monthly returns from employers.
- 3.4 The Board noted LPPA are changing the process of how they manage complaints. This includes triaging complaints and passing to Operational teams to resolve the issues and apply learning back into processes. Discussion was also had around the resolving cases prior to escalation to The Pensions Ombudsman (TPO), it was also discussed that TPO had announced changes to the way it handles complaints to one similar to that used by the Financial Services Ombudsman.

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- 3.5 The Board commented on the high number of complaints, proportional to the membership size, and the 'upheld' status reflects the legitimacy of the complainant.
- 3.6 The Board commented on the delay in resolving queries with LPPA being late to make initial contact and suggesting the data team needs to be making contact sooner in order to meet the deadline, noting some cases were open for several weeks prior to initial contact being made. The Director of Compliance and Risk agreed to pass on this feedback to LPPA.
ACTION: M. Anderson
- 3.7 The Board commented that PensionPoint provides accurate and timely data, however the data contained within the ABS is outdated when it arrives to the member.
- 3.8 The Board questioned the accuracy of ABS arrivals data and how the tables in the report showing employer submissions of monthly returns were calculated and suggested reporting the data by both the percentage meeting that month's deadline and the percentage that are still outstanding at the date of the report for each given, historical month. The Board noted the Head of Employer Management Services is due to commence in post next week and will manage these data points going forward.
- 3.9 The Board **NOTED** the report.

David Parker and Chris Dawson joined the meeting.

4. LPB219 – LPPA Quarterly Report

- 4.1 The LPPA Head of Operations presented the Q1 2024/25 report, highlighting consistent performance against SLA targets and an increase in member experience satisfaction.
- 4.2 LPPA are progressing options to improve and enhance the member journey experience, through developing more efficient communications between employer and LPPA to improve the accuracy of employer submissions.
- 4.3 The Board noted LPPA are working to simplify member leaver forms by implementing an automated system of checking member pay and payment data, as well as other data points, with a goal of obtaining real-time member data validation. CARE members are prioritised in phase one, and final salary members in phase two, along with automated credit-checks via Civica. A 10% variance threshold is being used for testing and figures will be compared to the previous years' data on the record versus the data held on the form to verify the contributions match. The revised forms will be delivered this financial year.
- 4.4 It was agreed that data quality and validation controls are crucial to the success of data automation. It was clarified that some data sourced from third parties, such as AVCs, will require a human validation, then an automatic payment calculation will be generated before a second human validation is performed prior to a payment being made. The Board noted that deferred member calculations are almost instantaneous, while active members take longer. Failures will be inserted into the workflow system for resolution.
- 4.5 The Board discussed the Q1 2024/25 reports and questioned the number of deferred members aged over 75 (Pg.59). This was highlighted as being due primarily to receiving no response or a request for claim from the member and therefore they are retained in the system as active. As this metric can skew the overall statistics LPPA are considering implementing a 'no contact received' status, however this may have flow-on effect for other data analysis and requires further investigation.
- 4.6 The Board discussed the casework performance (pg.64) and commented that 1876 of outstanding death cases is very high for the ratio of the membership. It was clarified that this figure indicates unresolved death cases and not necessarily an unpaid benefit. Causes for such delays include late

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receipt of nomination form, incomplete information, and often both. There is no legal or regulated time limit for a member response before closing the case and as best practice LPPA continue to chase for updates until resolution. Underpayments of below £250 are automatically written-off and aged cases will trigger a review. Overpayments are the primary cause for these cases and no case is ever closed without resolution. The Board suggested a case age and/or case stage metric would assist in interpreting this data when reading the reports to differentiate between cases of concern and otherwise.

- 4.7 The Board discussed member engagement and complimented LPPA on the presentation and data quality of the Customer Satisfaction Scores data (pg.71). It was noted that incentives to complete member survey have been considered to test the theory that non-responders are generally satisfied and not motivated to respond. Member feedback from contacting the call centre is captured in two questions, regarding the quality of service and satisfaction with the representative and will continue to be reported.
- 4.8 The Board noted that all large employers submitted their monthly returns to ensure the timely production of the ABS. However, LPPA will offering training to all employers on completing monthly returns to ensure greater data accuracy and timeliness.
- 4.9 The Board noted LPPA are striving for continued member communication improvements and noted the recent external Plain English accreditation.
- 4.10 The Board complimented the ABS webpage. However, commented the Employer portal remains difficult to navigate. LPPA confirmed increased user functionality is planned for January.
- 4.11 The Board commented on the delay in retirements for members with an AVC as the AVC provider cannot release funds until the final payment is made, and some employers sign-post this to members to consider ceasing their AVC agreement several months prior to the date of retirement to avoid payment delays.
- 4.12 The Board **NOTED** the updates provided by LPPA.

David Parker and Chris Dawson left the meeting.

5. LPB220 - LPFA Risk Management

- 5.1 The Director of Compliance and Risk took the paper as read and asked for questions.
- 5.2 The Board noted Robert Branagh's risks have been reassigned accordingly. It was clarified that the LPFA Board are currently considering the recruitment approach and timescales are unknown.
- 5.3 The Board **NOTED** the updates on risk management.

6. LPB221 - LPFA Corporate Communications Update

- 6.1 The Head of Communications and Engagement summarised the report and the Board noted the backfill recruitment activity, the progress with the Annual Report and Accounts publication, corporate website tender and preparations for the 6 November Employer Forum and the 4 December Member Forum.
- 6.2 The Board **NOTED** the updates provided by the Head of Communications and Engagement.

7. LPB222 – LPB Appraisal Update

- 7.1 The Chair provided a verbal update summarising feedback received from the Board is positive overall with comments on the good level of content presented in the meeting packs, though some sections of the meetings are seemingly rushed. Interactions with the LPFA Board and/or Committees would be welcomed as would information updates to Board members between meetings such as the response to the government's call for evidence on the pension reform which opened and closed between LPB meetings.
- 7.2 Full feedback will be provided to LPFA for review and consideration, with follow up actions to be discussed with the Chair ahead of the next meeting. **ACTION M. Anderson.**

8. LPB223 – Governance and LPB Forward Planner

- 8.1 The Board commented on the usefulness of receiving the LPFA Audit and Risk Committee meeting minutes.
- 8.2 The Board **REVIEWED** and **NOTED** the forward plan of business and the updates provided.

9. LPB223 – Any Other Business

- 9.1 The Chief of Staff offered to host a Christmas reception following the next meeting which was accepted.
- 9.2 The Board **NOTED** that its next meeting was scheduled to take place on 28 November at the LPFA Offices.
- 9.3 There being no further business, the Chair declared the meeting closed.

Andy Cunningham, Chair

Date
