

# London Pension Fund Authority

Meeting of the Local Pension Board



## MINUTES

APPROVED

**Meeting:** Minutes of the meeting of the Local Pension Board of the London Pension Fund Authority ("LPB")

**Date:** Wednesday 12 June 2024

**Time:** 10.00-12.30

**Location:** LPFA Offices, G.04, 169 Union Street, London SE1 0LL

<b>Present:</b>	Andy Cunningham	LPB Chair ( <b>Chair</b> )
	Mike Allen	Member Representative
	Stephen Boon	Employer Representative
	James Cherry	Member Representative
	Tadija Popovic	Employer Representative
	Luke Rigg	Employer Representative
	Surendra Wanza	Member Representative
	Natalie Watt	Member Representative

<b>In Attendance:</b>	Robert Branagh*	LPFA Chief Executive Officer
	John Crowhurst	LPPA Commercial Director
	Chris Dawson	LPPA Head of Engagement and Communications
	Ashley Durkan	LPFA Governance Manager (Minutes)
	Anastasia Klimenko	LPFA Chief of Staff
	Mark Anderson*	LPFA Director of Compliance and Risk
	Alistair Peck	LPFA Head of Comms and Engagement
	Mala Visram	LPFA Pensions Technical Manager

<b>Apologies:</b>	Amy Sweeting	Member Representative
-------------------	--------------	-----------------------

*\*via MS Teams*

---

## 1. LPB200 – Introductory Matters

### Chairman's welcome, apologies, and declarations

- 1.1 The Chair welcomed those present and confirmed that the meeting was quorate. No new declarations of interest had been made ahead of the meeting and apologies had been received from Amy Sweeting. It was noted that Jasbir Sandhu was absent from the meeting without providing prior apologies.

### Minutes of the Meeting held on 13 February 2024

The Board **REVIEWED** and **APPROVED** the minutes of the last meeting held on 13 February 2024.

### Action Points

- 1.2 The Chair asked for clarification regarding the 8,964 addresses that were recently updated and the process behind these updates, specifically asking whether these addresses were identified as incorrect and whether they were verified before being uploaded.
- 1.3 The Director of Compliance and Risk clarified that the London Pension Fund Authority (LPFA) had engaged a data collection provider, GD Group, under a secure contract to verify the out-of-date addresses. The group processed around 9,300 outdated addresses, successfully verifying 8,964 as current and certified using multiple sources such as mortgage records, voting rights, and electoral polls. These addresses have since been provided to the LPFA and are being checked, verified, and updated into the system.

- 1.4 It was highlighted that these updates pertained to deferred members for whom contact had been lost due to old, incomplete, or missing addresses. The LPB discussed the next steps regarding communication with these members. It was confirmed that once the updates are complete, the LPFA will launch a hard copy campaign aimed at re-engaging these 9,000 individuals, with a view toward signing them up for PensionPoint.
- 1.5 Several Board members expressed concerns about the possibility of errors in the verification process, noting that even strong matches could occasionally be incorrect. It was acknowledged that there might be a small percentage of incorrect matches, particularly for common names where other personal details, such as birthdates, could also match.
- 1.6 To mitigate this risk, it was confirmed that the first communication with members would not disclose any personal information but instead invite them to undergo security checks before being granted access to any sensitive data. This precaution was taken to ensure that any mismatches were caught early and to prevent any potential data breaches.
- 1.7 The Board was reassured by the measures in place to minimise the risk of errors and breaches. The LPFA confirmed that they would monitor the responses to the mailing campaign closely and follow up accordingly. The importance of getting the initial communication right was emphasised, given the potential impact on member trust.
- 1.8 The Board **NOTED** the updates and agreed to monitor the progress of this campaign closely, with further updates to be provided at future meetings.
- 1.9 The Board **NOTED** all other actions from previous meetings, the updates on how those actions were being addressed and those marked for closure.

## 2. LPB208 – LPFA CEO Business Update Report

- 2.1 The LPFA CEO provided an update to the LPB, outlining several key developments within the LPFA.
- 2.2 There had been changes to the LPFA Board, with two new members joining from 1 January. Mandy Kaur-Sadler, a professional independent pension trustee from the private sector, and Irshaad Ahmad, an international investment management professional, had both joined. It was noted that Irshaad had already attended two LPFA Investment Committee meetings and was set to Chair the Investment Committee from the autumn cycle. Additionally, Conrad Hall, a nominee from the Society of London Treasurers, was due to start on 1 April and would Chair the LPFA Audit, Risk and Compliance (ARC) Committee. Christina Thompson, who retired as Director of Resources at Lambeth and the LPFA Board, had been appointed part-time to the LPFA as Section 151 Officer, providing support to the finance team. The CEO noted that more changes were expected as several Board members were nearing the end of their terms in 2025.
- 2.3 The CEO then reported on feedback from the Mayor's office. As part of LPFA's governance commitment, the strategy and budget were submitted to the Mayor of London. While the Board approved the strategy, the Mayor had the right to provide feedback. The feedback was supportive. The CEO explained that the strategy had two parts: the first focused on improving resilience for members and employers, while the second embraced the Government's change agenda for LGPS, including potential collaboration or mergers with other pension funds. The CEO encouraged the LPB to review the Strategic Policy Statement (SPS), which was available on the LPFA website.

## Meeting of the Local Pension Board

- 2.4 The CEO then updated the LPB on the London Fund, which had attracted additional investments from London Boroughs, bringing the total fund size to £250 million. He mentioned several key projects, including a net-zero building at London Bridge, redevelopment of Shepherd's Bush Market, and the expansion of a theatre on Shaftesbury Avenue. These projects aimed to deliver returns while contributing to the development of London.
- 2.5 Regarding governance, the CEO reported that the formal legal documentation for LPFA's relationship with Lancashire County Council was close to completion. He also mentioned the ambitious growth targets set for LPPA and LPPI. The goal was to double LPPA's membership to over one million and increase LPPI's assets under management to £50 billion by 2030. Recruitment was underway to support these targets, with the investment side being more prepared for growth.
- 2.6 The CEO shared details of recent external engagements, including meetings with MPs, members of the Labour front bench, and government ministers. He noted that LPFA was recognised as a key player in driving changes within LGPS, helping to shape the future of pension fund collaboration and mergers.
- 2.7 Questions were raised about the budget for LPPA, especially given a 4% increase in membership without a corresponding budget increase. The CEO explained that LPPA operated on a shared cost basis across 18 clients and expected to manage costs through economies of scale and technology improvements. He also addressed concerns about the true-up mechanism, clarifying that it applied at the fund level and was used in rare cases.
- 2.8 The CEO expressed confidence in the UPM system's resilience, noting that it was well-positioned for growth. He acknowledged that further improvements, especially in workflow and self-service functions, were expected. When asked about the feasibility of doubling LPPA's membership by 2030, the CEO said it was achievable given the size of the market and the strength of LPPA's service offering.
- 2.9 The Board **NOTED** the updates provided by the CEO and the progress made on the strategic direction and growth targets for LPPA and LPPI.

### 3. LPB209 - 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 focusing on two key areas.
- 3.2 He noted that employer contributions monitoring was progressing well, with a slight anomaly in March 2024 when an employer's contributions were received one day late. Although the system recorded it as late, the payment had since been recovered. He highlighted that collaboration between finance and EMS had been improving, and work was ongoing to automate processes, allowing staff to focus on tasks that added more value. This theme of automation would continue to be addressed in future meetings.
- 3.3 In terms of performance, he reported that annual performance had been improving, though work was still being done to address challenges in retirement and bereavement processing. The Director of Compliance and Risk noted that LPPA was working closely with LPFA to sharpen practices and ensure smooth payment processes. Efforts were being made to automate internal processes between risk, compliance, and finance teams to smooth payments as much as possible. Customer satisfaction scores had also improved, with fewer neutral responses, and this trend was expected to continue as services stabilised.

- 3.4 Regarding data quality, he referred to the deferred address updates and noted that improvements in address data should positively impact The Pensions Regulator (TPR) scores. The team was focused on improving data robustness ahead of the Pension Benefit Statements (PBS).
- 3.5 He reported that monthly returns had improved since the report was written, with 108 out of 114 employers fully up to date. Three large employers were expected to submit their final returns within the next 10 days, which would bring the coverage to 99% of active members. Once these returns were completed and checked, all the data required for the Annual Benefit Statements would be available. LPPA had already begun producing statements for those employers who had submitted data.
- 3.6 A Board member asked about the discrepancy in the LPPA report, which indicated lower submission rates. The Director of Compliance and Risk explained that the report covered the period up to 31 March, and significant improvements had been made since then. EMS had been working closely with employers to ensure that submissions were completed, and blockages resolved. He confirmed that all necessary data for the ABSs would be collected once the final submissions were received and validated.
- 3.7 The Board expressed optimism regarding the potential for higher completion rates for the Annual Benefit Statements this year, due to improvements in data submission and address updates for deferred members.
- 3.8 Questions were raised regarding the complaints process, particularly how complaints were defined and whether the numbers reflected the entire LPPA rather than just LPFA members. The Director of Compliance and Risk explained that the complaints process had recently been reviewed, and the definition of a complaint was being reconsidered. Some complaints arose from operational issues, and there was an ongoing effort to improve reporting. He acknowledged that complaints had sometimes been counted twice if they escalated through multiple stages, but this was being addressed.
- 3.9 Further discussion focused on the root causes of complaints, particularly the possibility that delays were caused by employers rather than the administrator. The Director of Compliance and Risk confirmed that work was underway to improve employer engagement and ensure that employers understood the impact of delays on members. He emphasised that LPFA aimed to resolve issues collaboratively, but there was still room for improvement in interactions with employers.
- 3.10 The Annual Governance Statement (AGS) was discussed, with reference to its importance as a statutory document under the Accounts and Audit Regulations 2015. The AGS demonstrated the LPFA's sound system of internal controls. It was due to be presented to the Audit, Risk, and Compliance (ARC) Committee next week. This year's draft included an enhancement in which the seven principles of good governance were not only listed but also explained in terms of how LPFA meets each principle.
- 3.11 There was also discussion around the Local Code of Corporate Governance, which had been updated for the current financial year. The changes were minor, but the Code remained fit for purpose. The Director of Compliance and Risk invited questions on this, but none were raised.
- 3.12 The Board **NOTED** the updates provided by the Director of Compliance and Risk, particularly on employer contributions, performance improvements, and data quality. The Board also welcomed the

## Meeting of the Local Pension Board

continued focus on automation and improving member services.

*John Crowhurst and Chris Dawson joined the meeting.*

### 4. LPB210 – LPPA Quarterly Report

- 4.1 The Operations and Commercial Director provided an update on LPPA's quarterly performance, with the Head of Engagement, Marketing and Communications covering member and employer engagement.
- 4.2 The Operations and Commercial Director began by reporting that Service Level Agreement (SLA) performance had continued to improve. April and May showed significant progress, with all key processes achieving the 95% target for the first time since the system change. This was seen as a positive development. The average helpdesk wait time remained below three minutes, and the abandoned call rate had dropped to 1%, highlighting a direct correlation between shorter wait times and fewer abandoned calls. Satisfaction scores for the helpdesk had stabilised, with dissatisfaction rates remaining steady between 6% and 7%.
- 4.3 Retirement satisfaction scores had shown improvement, although the Operations and Commercial Director noted that the sample size was small, making the results somewhat volatile. He attributed this improvement to the better SLA performance and ongoing efforts to identify and resolve issues proactively. LPPA had also begun monitoring how many retirees received their first pension payment within 30 days of retirement, as this was seen as a critical measure of member experience.
- 4.4 Efforts were underway to reduce the number of times retirement quotes were sent back for clarification, which was currently averaging four times. This was attributed to a combination of employer-related pay queries and internal processing issues. Training was being provided to employers, particularly around Assumed Pensionable Pay (APP), and internal handling of queries was being improved to reduce delays. The Operations and Commercial Director mentioned that proactive work was taking place to streamline these processes, which would take time to fully implement but was expected to have a positive impact.
- 4.5 On workforce stability, the Operations and Commercial Director reported that turnover had dropped from 33% to 16%, a significant improvement. However, turnover remained high on the helpdesk, and efforts were being made to improve career progression in that area. The LPPA had also been successful in recruiting staff with pensions expertise, particularly in the LGPS sector, which was helping to stabilise operations.
- 4.6 The Head of Engagement, Marketing and Communications then addressed employer engagement, particularly concerning the retirement process. He acknowledged that late notifications of retirements from employers were affecting the member experience. To address this, the LPPA had initiated a review of the retirement leaver form and was working to introduce an early notification process. The aim was to ensure that members received their first pension payment within 30 days of retirement. The Head of Engagement, Marketing and Communications highlighted ongoing efforts to improve communications with employers, providing them with the necessary support to ensure timely and accurate submissions of pay information.
- 4.7 The deferred tracing exercise was also mentioned, with expectations that this would lead to improved data quality and higher scores in future reports. Complaints had decreased from 64 to 55, and the LPPA was working to clear remaining cases and improve the overall resolution rate.

- 4.8 Questions were raised regarding the retirement process, particularly the interaction between LPPA and employers. Board members noted delays caused by repeated back-and-forth communications over pay details. The Operations and Commercial Director acknowledged that while monthly returns had improved data accuracy, some employers were still behind in their submissions. LPPA was reviewing how it could reduce the information required from employers at the retirement stage, with monthly returns expected to provide much of the necessary data.
- 4.9 Another issue raised concerned the handling of complex queries by the helpdesk. Members reported long delays in receiving responses via the portal and web forms, with some waiting several months. The Operations and Commercial Director stated that this was not the expected norm and committed to investigating further. He also mentioned ongoing work with CIVICA to integrate queries into the UPM system, which would prevent issues from being lost in email inboxes. Additionally, LPPA was considering offering callbacks for more complex cases to speed up resolutions.
- 4.10 Both the Operations and Commercial Director and the Head of Engagement, Marketing and Communications committed to providing updates on these improvements at future meetings.
- 4.11 The Board **NOTED** the updates provided by the Operations and Commercial Director and the Head of Engagement, Marketing and Communications, particularly the improvements in SLA performance, helpdesk operations, and employer engagement. The Board welcomed the ongoing efforts to streamline the retirement process and improve member satisfaction.

*John Crowhurst and Chris Dawson left the meeting.*

### 5. LPB211 - LPFA Risk Management

- 5.1 The Director of Compliance and Risk provided an update on risk management. He began by noting that the current risk register was still being maintained on the legacy CAMS platform while a new system was being developed. This transition was expected to take six to nine months, with a focus on moving the system into business-as-usual (BAU) status. The ongoing development of the new platform was highlighted as a key transitional risk.
- 5.2 Changes in personnel, including Christina Thompson joining as Section 151 Officer and the appointment of an interim Chief Operating Officer, were also noted. These changes were expected to result in more frequent risk discussions. As the new system was built, additional risks would automatically feed into the risk register.
- 5.3 The Director of Compliance and Risk invited questions, and the following points were raised.
- 5.4 A question was asked regarding the reference to "review of AVC design" on page 123. It was clarified that this referred to a review of the AVC (Additional Voluntary Contribution) offering with Prudential. The review would focus on Prudential's charging structure, the default investment options, and overall performance. The Director of Compliance and Risk Pensions mentioned that the Funding and Investment Director was leading this review. **ACTION:** M Anderson
- 5.5 A Board member commented that there had been feedback from members regarding the high fees charged by Prudential compared to competitors. It was confirmed that this was one of the triggers for the review, and updates would be provided as the process progressed.
- 5.6 Another question concerned the reference to "balanced metrics" in LPPA reporting. The Director of

## Meeting of the Local Pension Board

Compliance and Risk explained that this referred to moving away from solely focusing on SLA targets and towards a more holistic view of member service. This would involve incorporating metrics such as complaints response times, breaches, and the percentage of retirees receiving their first payment within 30 days, offering a more balanced view of LPPA's service performance.

- 5.7 A Board member raised a final point about the relationship between the Annual Governance Statement (AGS) and the risk register. The Director of Compliance and Risk confirmed that efforts were ongoing to ensure that all risks identified in the AGS were captured in the risk management framework. He explained that the various risk registers—including the TPR, operational, and shareholder registers—would come together to provide a comprehensive view,
- 5.8 The Board **NOTED** the updates on risk management, particularly the ongoing development of the new risk platform and the review of Prudential's AVC offering.

## 6. LPB212 - LPFA Corporate Communications Update

- 6.1 The Head of Communications and Engagement provided an update, focusing on two key areas of work.
- 6.2 First, he informed the Board that an accessibility audit had been completed on the LPFA website. The website was confirmed to be AA compliant, meeting the required standards for public sector organisations. A few minor changes were identified during the audit, and these would be addressed by the web agency in the next week or two.
- 6.3 Secondly, the Head of Communications and Engagement sought the Board's approval on the updated communications policy. The changes were minor, including the removal of sections on social media, as a standalone social media policy was now in place. He also noted that funds would be required to report on their communications policies in their annual reports.
- 6.4 A Board member commented on the trial encouraging members to sign up for PensionPoint, noting that their employer's participation appeared low. They clarified that this was due to ongoing data issues, and that once these were resolved, more members would be encouraged to sign up. Despite this, 40 members had already signed up without the trial, which was viewed positively.
- 6.5 The Board member then asked whether there had been improvements in the quality of letters sent by LPPA following the communications team's efforts to enhance them. The Head of Communications and Engagement responded that the results were mixed. LPPA had initiated a letter project, and while last month's letters had been poor, this month had seen notable improvements. He mentioned that letters were reviewed regularly, but it was important to distinguish which letters had been professionally reviewed and which had not. He committed to providing more detailed updates at the next meeting.
- ACTION A. PECK**
- 6.6 The Board expressed interest in staying updated on the quality of member communications, particularly letters. The importance of clear, professional communication with members was highlighted, as poor grammar and confusing language could mislead members and reflect poorly on the organisation.
- 6.7 The Board **NOTED** the updates provided by the Head of Communications and Engagement and **APPROVED** the revised communications policy.

## 7. LPB206 - LPB Forward Planner & LPFA Board Corporate and Strategic Minutes

- 7.1 The Chair noted that the CNS minutes from the March LPFA Board meeting had been provided for information. Additionally, the forward plan for the year had been attached, outlining upcoming agenda items and key activities.
- 7.2 The Chair mentioned that at the next meeting in September, there would be a training session focused on the annual report and accounts, which would be the first item on the agenda. This training session was scheduled due to changes in the guidance on annual reports, with new information required on a "best endeavors" basis for this year, and more stringent requirements in the following year.
- 7.3 The Chair invited comments or questions.
- 7.4 A point was raised regarding project updates for McCloud and the pensions dashboard. A Board member suggested that it would be helpful to have a high-level project plan or table summarising key milestones, risks, and progress. This would provide a clearer view of whether the projects were on track and allow for easier scrutiny. The Chair agreed that this would be useful and asked the Director of Compliance and Risk to work with LPPA to develop such a summary for future meetings.  
**ACTION:** M Anderson / LPPA
- 7.5 The Board **NOTED** the CNS minutes and forward plan, with the Chair confirming the training session for the next meeting.
- 7.6 The Board **REVIEWED** and **NOTED** the forward plan of business and the updates provided.
- 7.7 The Board **NOTED** that its next meeting is scheduled to take place on 28 November 2024.
- 7.8 There being no further business, the Chair declared the meeting closed.