

Lancashire County Council

Pension Fund Committee

Minutes of the Meeting held on Friday, 11th March, 2022 at 10.30 am in Committee Room 'C' - The Duke of Lancaster Room, County Hall, Preston.

Present:

County Councillor E Pope (Chair)

County Councillors

M Brown	S Rigby*
M Clifford	A Schofield
F De Molfetta	S Smith
M Pattison	D Westley
R Woollam	

* Indicates replaced County Councillor J Burrows for this meeting only.

Co-opted members

Councillor R Whittle, Blackburn with Darwen Borough Council
Councillor Dd Borrow, Borough and City Councils
Ms J Eastham, Further Education/Higher Education Institutions
Mr P Crewe, Trade Unions (unison)

In Attendance:

Mr S Greene, Head of Pension Fund, Lancashire County Council
Ms L Sales, Director of Corporate Services, Lancashire County Council
Mr M Neville, Senior Democratic Services Officer, Lancashire County Council
Ms A Devitt, Independent Investment Adviser.
Mr E Lambert, Independent Investment Adviser.
Ms M George, Independent Investment Adviser.
Mr W Bourne, Chair of the Lancashire Local Pension Board.
Mr C Rule, Chief Executive Officer, Local Pensions Partnership (from 11am).
Mr G Smith, Director of Strategy, Local Pensions Partnership.
Ms J Darbyshire, Director of Administration, Local Pensions Partnership Administration.

1. Welcome and Apologies

The Chair welcomed everyone to the meeting and introduced Ms George who had recently been appointed as the new Independent Investment Adviser to the Fund.

It was reported that apologies had been received from County Councillor G Dowding and Co-opted member Councillor M Smith.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

There were no declarations of interest at this point in the meeting.

3. Minutes of the Meeting held on 26th November 2021

Resolved: That the Minutes of the meeting held on 26th November 2021 are confirmed as an accurate record and that a copy be signed by the Chair and placed in the Minute Book.

4. Report of the Appointments Sub Committee

A report was presented on the decision of the Appointments Sub Committee on 28th February 2022 to appoint a new Independent Investment Adviser.

Resolved: That the decision of the Appointments Sub Committee on 28th February 2022 to appoint Marian George as the new Independent Investment Adviser to the Fund, with effect from 1st March 2022, for an initial period of 2 years, with an option to extend the appointment by 12 months, is noted.

5. 2021/22 Budget Monitoring Report

The Committee considered a report on the income and expenditure of the Fund for the 9 months up to 31st December 2021, together with a forecast for the year ending 31st March 2022.

In response to a query regarding the investment management fees on pooled investments Mr Lambert confirmed that such fees represented a significant proportion of the running costs of the Fund. However, it was noted that the Fund continued to remain in the top quartile of Funds in terms of performance.

Resolved: That the financial results for the 9 months up to 31st December 2021 and the budget and forecast variances, as set out in the report presented, are noted.

6. Lancashire County Pension Fund 2022/23 Budget

The Head of Fund presented a report on the one-year budget for the year ending 31st March 2023 and informed the Committee that factors such as the effect of pay increases on employer contributions, investment outlook for 2022/23, the McCloud judgement, and Actuarial fees associated with additional advice/support when preparing for the 2022 valuation, had been considered when preparing the budget.

Resolved: That the Lancashire County Pension Fund budget for the year ended 31st March 2023, as set out at Appendix 'A' to the report presented, is approved.

7. Lancashire County Pension Fund Strategic Plan 2022/25

The Head of Fund presented a report on the 3-year Strategic Plan up to 2024/25, which defined the key initiatives for the Fund in relation to Governance, Funding and Investment, Administration, and Communication, and had been developed in consultation with the Independent Investment Advisers to the Fund, Lancashire Local Pension Board, and the Actuary. It was also noted that Plan would be available to scheme members via the Fund website.

It was reported that the Fund would be part of the second phase of the Lancashire Pensions Partnership Administration (LPPA) Project PACE in Autumn 2022 and would be preceded by specific communications to employers/scheme members. The indicative timescales set out in the Plan for other initiatives were discussed and the Head of Fund confirmed that for many of the initiatives work would be done in phases in advance of the dates stated in the Plan. He added that the LPPA customer satisfaction surveys would be a useful source of insight for Administration initiatives and the Committee would be updated on these initiatives at an appropriate point in 2022/23.

Resolved: That the Lancashire County Pension Fund Strategic Plan for 2022/25, as set out at Appendix 'A' to the report presented, is approved and the 12-months update, set out at Appendix 'B' noted.

8. Lancashire County Pension Fund - Death Grant Policy

The Head of Fund presented a report on the revised Death Grant Policy for the Fund which had been developed in consultation with the Lancashire Local Pension Board and Local Pensions Partnership Administration.

Resolved: That the revised Death Grant Policy for the Lancashire County Pension Fund, as set out at Appendix 'A' to the report presented, is approved.

9. Feedback from members of the Committee on pension related training.

A report was presented on pension related conferences/events held since the last meeting and members of the Committee reported that they had found the LGPS Overview webinar useful and informative. The Chair reported that the first annual LPPI Investment Conference had been a success and encouraged members of the Committee to attend the event in 2023. It was noted that County Councillor Schofield had not attended the Conference.

Resolved: That the feedback from members of the Committee in relation to their experience at conferences/events held since the last meeting is noted and the Training Record be updated to reflect attendance/participation at those events.

10. Lancashire County Pension Fund - Training Plan 2022/23

The Committee considered the draft 2022/23 Training Plan which set out various opportunities available during the year for training members of the Committee and the Lancashire Local Pension Board.

The Head of Fund reported that a bespoke online training tool was currently being evaluated by Officers, and members of the Committee/Board would be asked to express their interest in attending a demonstration providing feedback in due course. Mr Bourne reported that the membership of the Pension Board was due to change in 2023 as some Board members reached the end of their 8-year term and a succession plan was in place to ensure that replacements were recruited and appointed to fill vacancies as they arose.

Mr Neville informed the Committee that the proposed workshop on 25th November would clash with the Committee on that date and should be on 1st November and the workshop on 1st February 2023 would be moved to a date later that month to accommodate the budget approval process at the Local Pensions Partnership.

Resolved:

1. That the Training Plan for the Pension Fund Committee/Lancashire Local Pension Board, as set out at Appendix 'A' to the report be amended as follows.
 - a) The workshop on the LCPF Valuation to be held at 10am on 25th November 2022 be changed to 1pm on 1st November 2022.
 - b) The workshop on the LPP Budget scheduled for 1st February 2023 be moved to 10am on 24th February 2023 to accommodate the budget approval process at the Local Pensions Partnership.
2. That, subject to the amendments specified at 1 above, the Training Plan for 2022/23 is approved.

11. 2022/23 Work Plan for the Lancashire Local Pension Board

Mr Bourne, Chair of the Lancashire Local Pension Board, presented a report on the 2022/23 Work Plan and informed the Committee that the Board would be focussing attention on the evolving Fund Risk Register, implementation of Project PACE by LPPA, and the need to balance standardised communications from LPPA with more customised communications from the Fund.

Resolved: That the 2022/23 Work Plan for the Lancashire Local Pension Board, as set out in Appendix 'A' to the report presented, is noted.

12. Responsible Investment Report

The Head of Fund presented a detailed update report from Local Pensions Partnership Investments Limited on responsible investment matters during the fourth quarter of 2021 (October to December) and highlighted the key points referred to in the report.

County Councillor Schofield, Chair of the Responsible Investment Task and Finish Group, informed the Committee that the Dashboard at Appendix 'B' to the report incorporated some of the initial recommendations from the Group as specified in the next item of business on the agenda.

Resolved: That the update on responsible investment activity during Q4, as set out in the report presented, is noted.

13. Responsible Investment Dashboard Report

The Head of Fund reported that following the Committee on 26th November 2021 the Responsible Investment Task & Finish Group had met and agreed recommendations regarding future reporting via the RI Dashboard, as set out in the report.

Resolved: That the recommendations of the Responsible Investment Task & Finish Group regarding amendments to the RI Dashboard, as set out in the report presented, are approved, and implemented in accordance with the stated timescale.

14. Urgent Business

No items of business were raised under this heading.

15. Date of Next Meeting

It was noted that the next scheduled meeting would be held at 10.30am on 17th June 2022 in Committee Room 'C' - The Duke of Lancaster Room at County Hall, Preston, preceded by a 30 minute briefing for members of the Committee.

16. Exclusion of Press and Public

Resolved: That the press and public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraphs of Part 1 of Schedule 12A to the Local Government Act, 1972, as indicated against the heading of each item. It is considered that in all the circumstances the public interest in maintaining the exemption outweighs the public interest in disclosing the information

The Chair adjourned the meeting at this point for a 10-minute comfort break.

17. Local Pensions Partnership Annual Budget 2022/23 and Strategic Plan

Exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

A report was presented on the Local Pensions Partnership Limited Group budget for 2022/23 together with a copy of the LPPI Business Plan. When considering the report, the Committee discussed the income contingency set out in the budget, equality/diversity within the Group workforce, and noted that detailed pay proposals would be presented to the Employment Committee on 14th March 2022 for approval.

Resolved:

1. That, subject to the decision of the Employment Committee on 14th March 2022 regarding detailed pay proposals, the Local Pensions Partnership budget for 2022/23, as set out in Appendix 'A' to the report presented, is approved.
2. That the LPPI Business Plan, as set out in Appendix 'B' to the report presented, is noted.
3. That the extension of the lease at LPPI Offices in London, for a further period of two years up to 30th September 2024, as set out in the report presented, is approved.

18. Local Pensions Partnership Update

Exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

The Committee considered a report from the Local Pensions Partnership Limited which included updates on the LPP Strategy (including the financial position of the Group up to 31st December 2021), the performance of the pension administration service for the 3 months up to 31st December 2021 and service provision associated by the Fund's main Advanced Voluntary Contributions provider. An update was also given at the meeting in relation to the development of the East Cliff site in Preston.

Resolved: That the updates set out in the report and given at the meeting are noted.

The Chair informed the meeting that he would take item 20 on the agenda as the next item of business.

20. Investment Panel Report

Exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

Ms Devitt, Independent Investment Adviser to the Fund, presented a report on the performance of global markets, economies and the various factors that influenced the investment market in which the Fund operated, including increased oil/gas prices and the conflict in Ukraine. The Minutes from the Investment Panel in November 2021 were also presented for information.

Resolved: That the report and updates given at the meeting are noted.

19. Investment Performance Report

Exempt information Exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

Mr Lambert, Independent Investment Adviser to the Fund, presented a report on the performance of investments up to 31st December 2021 and outlined the key objectives of the Fund regarding achieving a 100% solvency level over a reasonable time and maintaining sufficient assets to be able to pay all benefits arising as they fall due.

The Committee noted the performance of the total portfolio over different periods of time and for individual asset allocations.

Resolved: That the performance of the Fund for the quarter to the end of December 2021, as set out in the report presented, is noted.

The three representatives from the Local Pensions Partnership left the meeting at this point.

21. Investment Service Based Review

The Chair presented a report on the outcomes of the Investment Service Based Review of the investment services provided by Local Pensions Partnership Investments Limited (LPPI) to the Lancashire County Pension Fund. It was noted that a detailed copy of the report had been made available to members of the Committee via the secure online library.

Resolved: That having considered the outcomes of the Investment Service Based Review Sub-Group report the Committee:

1. approve the schedule of investment beliefs as set out at Appendix 'A' to the report presented.
2. note the conclusion in Section A (Investment Management Fees and Transparency and Investment Return) of the report presented and continue to monitor fee savings and investment return on an ongoing basis.

3. note that the current seven sub-pools offered by LPPI are appropriate for the Fund, as detailed in Section B part 3 of the report presented.
4. note that the risk reports currently received by the Committee (Risk Register and Risk Framework) are appropriate for the Fund investment objectives, as detailed in Section C part 2 of the report presented, and
5. note the valuable service of investment advice that LPPI offer, as detailed in Section C part 3 of the report presented.

22. Chairs closing remarks

The Chair informed the Committee that this would be the last meeting attended by Councillor R Whittle as he was not standing for re-election in May 2022 and was also the last meeting for Mr C Smith, Technical Adviser (Pensions) who was due to retire.

Members of the Committee thanked both Councillor Whittle for his contributions to the work of the Committee as a co-opted member since 2013 and Mr Smith for his expertise in supporting the Committee and wished them both well for the future.

L Sales
Director of Corporate Services

County Hall
Preston