

Lancashire County Council

Pension Fund Committee

Minutes of the Meeting held on Thursday, 2nd July, 2015 at 10.00 am in Cabinet Room 'C' - The Duke of Lancaster Room, County Hall, Preston

Present:

County Councillor Kevin Ellard (Chair)

County Councillors

M Barron	M Parkinson
L Beavers	A Schofield
D Borrow	K Sedgewick
G Dowding	D Westley
J Hanson	D Whipp
J Oakes	B Yates
M Otter	

Co-opted members

Paul Crewe, (Trade Union Representative)
Alastair Milloy, (HE/FE sector Representative)
Councillor Edward Pope, (Lancashire Leaders' Group representative)
Councillor Mark Smith, (Blackpool Council representative)
James Tattersall, (Trade Union Representative)
Councillor Ron Whittle, (Blackburn with Darwen Borough Council representative)

Independent Advisors

Aoifinn Devitt
Eric Lambert

1. Apologies

None received.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

None declared.

3. Minutes of the Meeting held on 5 June 2015

Resolved: - That the minutes of the meeting held on 5 June 2015 be confirmed and signed by the Chair.

4. Local Authority Pension Fund Forum - Mentoring Proposal

Andy Fox, Head of Service, Policy and Compliance, presented a report setting out further details of a mentoring scheme to be offered by the Local Authority Pension Fund Forum (LAPFF). This followed a report on the mentoring scheme considered by the Committee at its meeting on 5 June 2015.

Having consulted with the Chair, as agreed at the 5 June meeting, it was now proposed that feedback from officer participation in the first phase of the scheme be awaited prior to a decision being taken on participation by Committee Members in future phases.

Resolved: - That:

- (i) The Committee awaits feedback on the benefits of the mentoring scheme from an officer of the Fund who has volunteered to participate in the first phase;
- (ii) Subject to receiving positive feedback, the Committee seeks to facilitate member participation in future phases.

5. Urgent Business

There was no urgent business to be considered.

6. Date of Next Meeting

It was noted that the next meeting of the Committee would be held on Wednesday 30 September 2015 at 2pm in Cabinet Room 'D' - The Henry Bolingbroke Room, County Hall, Preston.

7. Exclusion of Press and Public

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

8. Creation of an Asset and Liability Management Partnership with the London Pension Fund Authority

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to 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 on the creation of an Asset and Liability Management Partnership with the London Pension Fund Authority.

George Graham, Director, Lancashire County Pension Fund, responded to a number of points raised by the Committee.

Following consideration of the report, the Chair invited Damon Lawrenson, Interim Director of Financial Resources, to present the independent financial advice from PricewaterhouseCoopers on the outline business case.

Subsequently, the Chair invited Aoifinn Devitt and Eric Lambert, Independent Advisors to the Committee, to comment on the proposals.

In summarising, the Chair referred to the work which remained to be undertaken on the detail of the proposals, should the Committee decide to proceed to the next stage. This would include a further report to the Committee in November setting out a detailed business case covering areas such as risk, governance, staffing, the role of the Investment Panel, and the work undertaken around the United Nations Responsible Investment Charter. In the meantime, and subject to approval of the proposals, it was proposed that regular briefings and workshops be held to ensure that the Committee was involved in progress in advance of the November meeting.

The Chair thanked all those Committee Members, officers and advisors who had been involved in the significant work undertaken to date.

Resolved: - That:

- (i) Approval be given to proceed further with the creation of the Asset and Liability Management Partnership;
- (ii) Approval be given to the preparation and submission of an application to the FCA for registration of both an operator and an Authorised Contractual Scheme, including identifying named individuals, from within those staff identified as being in scope, to perform specific regulated functions;
- (iii) Officers be instructed to prepare a 5 year business plan for the entire operation of the Partnership both in support of the FCA application, which requires a 5 year plan, and in order to facilitate a final decision on viability in November;
- (iv) Officers and the Joint Member Working Group be authorised to undertake the following actions in support of the above processes:

- a. The appointment through procurement of a depository for the ACS;
- b. The appointment through a recruitment process undertaken by the Joint Member Working Group of an Independent Chair and 3 Independent Non-Executive Directors for the Partnership.
- c. The designation of individuals to carry out regulated functions within the FCA regulated business from within the staff in scope to form part of the new entities.
- d. To secure external advice in the following areas to support this work, in addition to the legal advice and FCA consultancy already commissioned:
 - i. Specialist advisors for the procurement of the depository and associated asset servicing functions;
 - ii. Recruitment consultants to support the recruitment of non-executives to the Board.
 - iii. A financial and tax adviser for the development of the business plan for the new corporate entity.
 - iv. A tax adviser in relation to the ACS and the transition of assets to the ACS.
 - v. A specialist in pensions related communications to assist the two Funds in ensuring that consistent key messages reach fund members and employers as well as other immediate stakeholders such as external clients.
 - vi. Any other additional specialist advice that might be required in order to achieve the submission of the FCA application within the allocated budget.
- (v) Resources of £595,000 be allocated, the costs to be met equally by the two funds for this work;
- (vi) It be noted that the Director of Governance, Finance and Public Services and the Interim Director of Financial Resources have commissioned independent financial and legal advice to support the Council and the Pension Fund Committee in the remaining stages of the process, to be funded through the release of contract provisions maintained by the Pension Fund Service that are not required for their original purpose;
- (vii) LCC and the LPFA be invited to each nominate an individual as a shareholder appointed non-executive director, using their own appointment processes;

I Young
 Director of Governance, Finance
 and Public Services

County Hall
 Preston