

**Report of the Pension Fund Committee - 30 June 2017  
Matters for Information**

**Part I (Open to the Press and Public)**

**2. Constitution, Membership and Terms of Reference of the Committee**

The Committee received a report on the constitution, membership and terms of reference of the Committee following the full County Council on 25<sup>th</sup> May 2017.

With regard to voting co-opted members of the Committee it was reported that Councillor D Borrow and Councillor I Moran had been appointed as representatives of the District Leaders Group on the 22<sup>nd</sup> May 2017 and Ms J Eastham, Vice Principal – Finance and Corporate Services at Blackburn College had been appointed as the new representative for FE/HE institutions.

**Resolved:**

1. That the current Membership of the Committee, as set out below, is noted.

J Burrows	T Martin
S Clarke	J Mein
G Dowding	E Pope (Chair)
C Edwards	A Riggott
K Ellard	A Schofield (Deputy Chair)
J Fillis	A Snowden

Voting Co-opted members

Mr P Crewe - Trade Unions  
Mr J Tattersall - Trade Unions  
Councillor M Smith - Blackpool Council  
Councillor R Whittle - Blackburn with Darwen Council  
Councillor D Borrow – District Leaders  
Councillor I Moran – District Leaders  
Ms J Eastham – FE/HE Institutions

2. That the current Terms of Reference of the Committee, as set out in the report presented, is noted.

**5. Internal Audit Annual Report 2016/17 and Audit Plan 2017/18**

The Committee received a report on the Internal Audit Service annual report for 2016/17 and the outline annual work plan for 2017/18.

**Resolved:** That the Internal Audit Service Annual Report for 2016/17 and the outline annual work plan for 2017/18, as set out in the report presented, are approved.

## **6. Annual Administration Report 2016/17**

The Head of Fund presented a report on the administration of the Fund and informed the meeting that overall performance of 97% had been achieved against standards and targets during 2016/17. In considering the report the Committee noted that information regarding the financial performance of the Administration Service would be regularly monitored, as mentioned in the Risk Register, and would be the subject of quarterly reports for future meetings.

**Resolved:** That the contents of the Lancashire County Pension Fund Annual Administration Report 2017, as set out in the report presented, is noted.

## **7. Lancashire County Pension Fund - Annual Governance Statement 2016/17**

The Head of Fund informed the meeting that the Annual Governance Statement (AGS) for the Lancashire County Pension Fund had been produced as the overall statement prepared by the County Council could not cover the activities of the Fund in sufficient detail to provide the necessary assurance. It was noted that the AGS related to a review of the governance arrangements for 2016/2017 and, if approved, would be incorporated into the statement of accounts.

**Resolved:** That the Annual Governance Statement for the Lancashire County Pension Fund, as set out in the report presented, is approved and be submitted to the Chair and the Head of the Fund for signature and subsequent inclusion in the statement of accounts.

## **8. Lancashire County Pension Fund 2016/17 Statement of Accounts and out-turn report**

A report was presented regarding the review of the final out-turn position for the Lancashire County Pension Fund, including a set of draft unaudited statutory accounts for review and comment.

**Resolved:**

1. That the final outturn position and review of the 2016/17 Accounts of the Fund, as set out in the report presented, are noted and referred to the Audit & Governance Committee for approval at its meeting in July 2017.
2. That the Head of Fund be requested to provide members of the Committee with a breakdown of the figure for Debtors set out at 'Current Assets' in the accounts.

## **9. Progress on Delivering the Lancashire County Pension Fund Strategic Plan**

The Head of Fund presented an update on the delivery of the specific objectives set out in the Lancashire County Pension Fund (LCPF) Strategic Plan.

It was reported that the creation of the Local Pension Partnership (LPP) and LPP Investments Limited had resulted in changes that had required some of the plans to be reviewed as certain objectives would be managed directly by LPP rather than the County Council. The Committee noted that as the LPP developed and the transition of assets continued a new Strategy for the LCPF would be drafted and presented to the Committee in September 2017.

**Resolved:**

1. That the progress made on the delivery of the Lancashire County Pension Fund Strategic Plan, as set out in the report presented, is noted.
2. That a draft revised Strategic Plan for the Lancashire County Pension Fund be presented to the meeting on the 15<sup>th</sup> September 2017.

**10. Lancashire County Pension Fund Risk Register**

The Head of Fund informed the meeting that the Risk Register presented to the Committee in December 2016 had been updated and finalised by risk owners and a copy of the final version was set out at Appendix 'A' to the report.

In considering the report the Committee noted that updates would be reported on a six monthly basis and it was requested that future reports highlight those areas where the assessment of risks had changed. It was recognised that the Pension Board had a role in monitoring the Risk Register and it was also suggested that members of the Committee have an opportunity to examine the Risk Register in detail at a future training workshop.

**Resolved:**

1. That the updated Risk Register, as set out in Appendix 'A' to the report presented, is noted.
2. That the Committee receive updates on a six monthly basis and that future reports highlight those areas in the Risk Register where the assessment of risk has changed.
3. That arrangements be made for members of the Committee to examine the Risk Register in detail at a future training workshop.

**11. Responsible Investment**

The Head of Fund updated the Committee on stewardship activities associated with the Lancashire County Pension Fund (LCPF) and reported that signatories to the UK Stewardship Code were tiered according to the quality of reporting in their statement. LCPF had been assigned Tier 1 status (the highest rating) as it had provided a good quality and transparent description of the approach to stewardship and explanations of an alternative approach where necessary.

It was also noted that the Committee had agreed in December 2016 to establish a Working Group to explore how to further support responsible investment. Following the local government election in May it was proposed to establish a Working Group comprising four members (on the basis of one representative from each political group on the Committee together with a single voting co-opted member) with Terms of Reference to be determined by the Chair.

**Resolved:**

1. That the report is noted.
2. That a Working Group, comprising the following members of the Committee and with Terms of Reference to be determined by the Chair be established to explore how to further support responsible investment.

County Councillor S Clarke - Conservative  
County Councillor K Ellard - Labour  
County Councillor G Dowding - Green  
Councillor R Whittle - co-opted member representing Trade Unions.

3. That the Responsible Investment Manager from Local Pensions Partnership Investment Ltd be invited to attend the Working Group specified at 2 above.

**12. Feedback from members of the Committee on pensions related training, conferences and events**

A report was presented on attendance at pension related training events and conferences since the last meeting and individual members of the Committee gave feedback at the meeting.

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

**13. Transaction of Urgent Business - revised Statement of Compliance with the UK Stewardship Code**

A report was presented regarding a decision taken by the Director of Governance, Finance and Public Services under the urgent business procedure to approve a revised Statement of Compliance with the UK Stewardship Code for the Lancashire County Pension Fund.

**Resolved:** That the report is noted.

**14. Urgent Business**

No items of urgent business were raised under this heading.

## **15. Date of Next Meeting**

It was reported that at the previous meeting the Committee had agreed to hold an additional meeting in July to consider the Statement of Accounts for the LCPF. However, that meeting was no longer considered necessary as the 2016/17 Statement of Accounts and outturn report had been presented to the Committee earlier in the meeting.

In view of the above the Chair proposed that the meeting arranged for 10.30am on the 27<sup>th</sup> July in Cabinet Room 'D' – The Henry Bolingbroke Room at County Hall, Preston be cancelled and the venue used for a workshop to give members of the Committee an opportunity to examine the Risk Register in detail as discussed earlier in the meeting.

### **Resolved:**

1. That the Committee scheduled to be held at 10.30am on the 27<sup>th</sup> July 2017 in Cabinet Room 'D' – The Henry Bolingbroke Room at County Hall, Preston be cancelled.
2. That the date, time and venue specified at 1 above be used for a workshop to enable members of the Committee to examine the Risk Register in detail, as discussed earlier in the meeting.
3. That in view of the cancellation specified at 1 above the next scheduled meeting of the Committee be held at 10.30am (preceded by a 30 minute briefing) on the 15<sup>th</sup> September 2017 in Cabinet Room 'C' - The Duke of Lancaster Room at County Hall, Preston.

## **Part II (Not Open to the Press and Public)**

### **17. Investment Panel Report.**

(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 received a report on various matters which had been considered by the Investment Panel since its last meeting, including the disenchantment of the electorate in the US and across Europe, the current expansion of markets, activity by central banks, future interest rates and the impact of inflation on consumer spending in the UK retail sector.

**Resolved:** That the report of the Investment Panel is noted.

## **18. LCPF Performance Overview March 2017**

(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).

A report was presented which summarised the performance of the LCPF up to March 2017. It was noted that since the March 2016 actuarial valuation the Fund had outperformed both internal and actuarial benchmarks. Prior to the meeting the Committee had received a presentation by Mr Lambert, Independent Advisor, regarding performance of the Fund.

It was noted that an update in relation to the LCPF Investment Strategy would be presented in September with the finalised Strategy being submitted to the Committee in November for approval.

**Resolved:** That the contents of report and the earlier presentation on the performance of the Fund are noted.

## **19. Local Pension Partnership business plan and 3 year budget.**

(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 Head of Fund presented the report on the 2016/17 financial position of the Local Pension Partnership (LPP) and the 3 year budget until 2019/20 together with an updated strategic business plan for LPP.

It was suggested that the Director of Finance from LPP be invited to attend a future workshop on the budget.

**Resolved:**

1. That the updated strategic business plan and 3 year budget for the Local Pensions Partnership, as set out in the report presented, is approved.
2. That the Director of Finance from LPP be invited to attend a future workshop on the budget.

## **20. Local Pensions Partnership Quarter 4 update**

(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 Director of Strategic Programmes and Group Company Secretary and the Managing Director and Chief Investment Officer from the Local Pensions Partnership (LPP) presented a report on the investment and administration functions operating within LPP.

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

## **21. Supply of Pension Fund Actuarial Services**

(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 Head of Fund informed the meeting that as the current contract for actuarial services was due to expire on the 30<sup>th</sup> September 2017 it was proposed to procure services on the basis of the timelines and award criteria set out in the report.

**Resolved:** That the County Council's Procurement Service undertake a procurement exercise via the National LGPS Framework to appoint an independent provider, to undertake actuarial services for the next 6 years, on the basis set out in the report presented.