

Lancashire County Council

Pension Fund Committee

Minutes of the Meeting held on Thursday, 5th July, 2018 at 10.00 am in Committee Room 'C' (The Duke of Lancaster Room) - County Hall, Preston

Present:

County Councillor Eddie Pope (Chair)

County Councillors

J Burrows	P Rigby
S Clarke	K Snape
T Martin	A Snowden
J Mein	A Schofield

Co-opted members

P Crewe, (Trade Union Representative)
Councillor R Whittle, (Blackburn with Darwen Borough Council Representative)
Councillor D Borrow, (Borough and City Councils Representative)
J Eastham, Further Education/Higher Education Institutions

1. Apologies

Apologies were presented on behalf of Councillor M Smith and Councillor I Moran and received from County Councillor G Dowding.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

No declarations of interest were made in relation to items on the agenda.

3. Minutes of the Meeting held on 8th June 2018

Resolved: That the Minutes of the meeting held on the 8th June 2018 are confirmed as an accurate record and signed by the chair.

4. LCPF Pension Administration Strategy Statement

The Head of Fund reported that in accordance with the decision of the Committee in March 2018 employers within the Fund had been consulted on the revised Pension Administration Strategy Statement (PASS) which extended the number of employer and fund performance standards to be measured and introduced charges to be levied on any scheme employer whose performance fell short of the employer performance standards.

The Committee was informed that comments received during the consultation had been addressed and a copy of the latest version of the draft was presented at Appendix 'A'. However, due to issues with the new operating model for the pension administration business introduced by the Local Pension Partnership the revised PASS would not be implemented until later in the year. It was reported that whilst the issues had resulted in a backlog of cases remedial action had

been taken and priority cases cleared by the end of June and it was anticipated that the remaining cases would be cleared by the end of July.

Resolved: That the revised Pension Administration Strategy Statement, as set out at Appendix 'A' to the report presented, is approved for publication later this year.

5. LCPF Annual Report for the year ended 31 March 2018

The Committee considered a report on the draft Lancashire County Pension Fund Annual Report for the year ended 31st March 2018 (which included the Fund accounts for the same period) and made the following observations:

- The most significant element of investment management costs was fees based upon the value of the Fund and this was expected to increase year on year as the value of the Fund increased. With regard to performance fees the Head of Fund confirmed that the Fund did not pay the Local Pension Partnership any such fees.
- Transition costs had reduced by £1.7m from the previous year as the majority of costs associated with the transition of the Infrastructure, Private Equity and Credit portfolios had been incurred. The Head of Fund reported that further details would be included in a report to the Committee in September 2018.
- Any reference to a 4.0% return on assets throughout the Annual Report would be updated to reflect the fact that the return had improved to 4.6% since the document was produced.
- In the Infrastructure section of the accounts the reference to 'Trad energy' would be amended to 'Renewable energy'
- The figures for current and long term liabilities in the 'Net Asset Statement as at 31st March 2018' would be amended following advice from the Auditor that the reduced contribution rates for some employers were not a liability due to the returns on cash. The Head of Fund confirmed that an explanatory note on this point would be included in the final document and an update given to the Committee in September 2018.
- Clarification was requested regarding figures in a table in section 1.2 on Membership which showed that whilst 1 employer had left the Fund the total membership of the Fund had increased by over 5,000. It was reported that an explanation for the increase would be included in a further report to the Committee in September 2018.
- It was acknowledged that whilst the Lancashire County Pension Fund was well run and continued to perform well this was not specified in the Annual Report and it was suggested that the final version of the Annual Report should include a comparison of performance against other Funds.

The importance of Committee members having sufficient knowledge and skills to perform their duties and responsibilities effectively was also discussed and it was noted that the Training Record for 2017/18 (which covered internal/external training attended by members of the Committee) had been presented to the last meeting. It was suggested that the respective political groups be requested to nominate a pool of alternate members who could attend future internal training to increase their knowledge of the subject and attend meetings in the event that a member of the Committee was unavailable.

Resolved:

1. That the comments of the Committee regarding the Lancashire County Pension Fund Accounts, as set out above, are taken into consideration when finalising Accounts for referral to the Audit, Risk and Governance Committee on the 30th July 2018 for approval.
2. That, subject to any further minor amendments in relation to 1 above, the draft Lancashire County Pension Fund Annual Report for the year ended 31st March 2018, as set out at Appendix 'A' to the report presented, is approved.
3. That a final version of the Lancashire County Pension Fund Annual Report for the year ended 31st March 2018 be presented to the full county council on the 18th October 2018 for approval.
4. That an update on transition costs, current/long term liabilities and the membership figures referred to in the Annual Report be presented to the next meeting.

6. Urgent Business

No items of business were raised under this item.

7. Date of Next Meeting

It was noted that the next scheduled meeting will be held at 10.30am (preceded by a 30 minute briefing) on Friday the 14th September 2018 in Committee Room 'C' – The Duke of Lancaster Room, at County Hall, Preston.

L Sales
Director of Corporate Services

County Hall
Preston