

## **Meeting of the Full Council - 23 May 2019**

### **Report of the Pension Fund Committee Meeting held on 29 March 2019**

**Chair: County Councillor Eddie Pope**

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

##### **Lancashire County Pension Fund - External Audit Plan 2018/19**

The Committee considered a report on the nature and scope of work to be covered by the 2018/19 Audit Plan and was informed that meetings had already taken place with County Council Officers so that the auditors could familiarise themselves with the Fund.

**Decision taken:** That the Audit Plan for 2018/19, as set out in the Appendix to the report presented, is noted.

##### **Lancashire County Pension Fund - Q3 2018/19 Budget Monitoring**

The Committee considered a report on the financial results for the Fund during the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> December 2018 and a comparison of those results with the budget for the same period, together with an updated forecast for the year to 31<sup>st</sup> March 2019.

#### **Decision taken:**

1. That the analysis of the variances between actual and budgeted results and the budgeted income/expenditure for the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> December 2018, as set out in the report presented, is noted.
2. That the forecast financial results for the year ending 31<sup>st</sup> March 2019, as set out in the report presented, is noted.

##### **Lancashire County Pension Fund 2019/20 Budget**

The Committee considered a report on the one year budget for the Lancashire County Pension Fund for the year ending 31<sup>st</sup> March, 2020, which forecast that the net income available for investment (before accounting for changes in the market value of investments during the year) would be £13.3m.

The Committee noted that following a review the level of recharges to the County Council had been increased in recognition of the increased use of Legal Services. The forecast reduction in contribution income from employers as a result of the accounting treatment of amounts paid in advance was also discussed and the reduction in property expenses set out in the budget was welcomed.

**Decision taken:** That the Lancashire County Pension Fund budget for the year ending 31<sup>st</sup> March 2020, as set out in Appendix 'A' to the report presented, is approved.

## **Responsible Investment Report**

The committee considered a report on how the Fund was supported to fulfil its commitment to long term responsible asset ownership in line with the approach set out in the Investment Strategy Statement and the Responsible Investment Policy approved by the Committee in March 2018.

**Decision taken:** That the update on responsible investment activity, as set out in the Appendix to the report presented, is noted.

## **Lancashire County Pension Fund Discretions Policy Statement**

The Committee considered a report on the above and was informed that following a review a number of amendments were proposed to the current Discretions Policy Statement (as set out in Appendix 'A' to the report) in order to reflect current practices and regulatory updates.

**Decision taken:** That the updated version of the Discretions Policy Statement for the Lancashire County Pension Fund, as set out at Appendix 'A' to the report presented, is approved.

## **Lancashire County Pension Fund Training Plan 2019**

The Committee considered a report on the 2019 Training Plan which set out the various options available during the year to meet the training needs of members of the Committee, including workshops, briefings, conferences and online training modules.

**Decision taken:** That the 2019 Training Plan for the Pension Fund Committee, as set out in Appendix 'A' to the report presented, is approved.

## **Data Quality Report (Mercers)**

The Committee considered a report on the findings of a review of the quality of the membership data for the Fund and noted that at a whole fund level the liability impact had been estimated as slightly reduced from the previous year, reflecting the positive impact of the Fund's data work over the year.

With regard to common data the Committee discussed the figures relating to missing postcodes/age queries and noted that the Local Pensions Partnership was to undertake a project to address to slight increase in 2018. It was also noted that the full report had been shared with the Local Pensions Partnership with a view to addressing the areas of main concern in conjunction with the normal scheduled processes due as part of the 2019 valuation.

**Decision taken:** That the findings of the Scheme Actuary in relation to the quality of the membership data of the Fund, as set out in the report presented, is noted.

## **2019/20 Work plan of the Lancashire Local Pension Board**

The Committee considered a report on the 2019/20 work plan for the Board and was informed that the intention was to focus on communication/engagement activity ahead of the valuation.

**Decision taken:** That the 2019/20 work plan for the Lancashire Local Pension Board, as set out in the Appendix to the report presented, is noted and approved.

## **Feedback from members of the Committee on pension related training, conferences and events.**

The Committee considered a report on member attendance at various internal/external pension related training events which had taken place since the last meeting and individual members of the Committee gave feedback on specific conferences/events.

**Decision taken:** That the report and feedback given at the meeting is noted.

## **Transaction of Urgent Business - appointment of a Scheme Member representative on the Lancashire Local Pension Board**

The Committee considered a report on a decision taken by the Chief Executive on the 8<sup>th</sup> October 2019 under the procedure for dealing with matters of urgent business.

**Decision taken:** That the decision of the Chief Executive to approve the appointment of Mr K Wallbank to fill a vacancy for a Scheme Member representative on the Lancashire Local Pension Board is noted.

## **Local Pensions Partnership 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 Committee considered a report on the performance of the investment and administration functions operated by the Local Pensions Partnership Fund up to the 31<sup>st</sup> December, 2018, which included updates on the following:

- The performance and stabilisation of the pension administration service.
- Activity associated with the service improvement plan.
- Engagement with members and employers.
- Local Government Pension Service statutory guidance.
- The financial position of the Local Pension Partnership at 31<sup>st</sup> December 2018.

**Decision taken:** That the updates on activity by the Local Pensions Partnership, as set out in the Appendix to the report presented, is noted.

## **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 considered a detailed report on various macro-economic factors and how they influenced the investment market in which the Lancashire County Pension Fund operated, together with an update on matters considered by the Panel since the last meeting.

**Decision taken:** That the report of the Investment Panel is noted.

## **Lancashire County Pension Fund Performance Overview - December 2018**

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 detailed report on the performance of the Lancashire County Pension Fund, which highlighted key areas such as the predicted reduction in the level of future contributions and the performance of individual investment portfolios. The Committee noted that the long term the performance of the Fund had exceeded both internal and actuarial benchmarks.

**Resolved:** That the summary of the Fund's performance up to the 31<sup>st</sup> December 2018, as set out at Appendix 'A' to the report presented, is noted.

## **Lancashire County Pension Fund Employer Risk 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 considered a report on the current employer risk assessment, based on the approach agreed in January 2016, which indicated that the Fund had a low risk exposure and highlighted methods to mitigate potential future risks. It was noted that the Head of Fund would work with the Local Pensions Partnership and the Scheme Actuary to implement the recommendations set out in the report during the valuation process.

**Decision taken:** That the report be noted.

## **PwC Report on the outcomes of the LPP Partnership**

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 findings of an external review of the Local Pensions Partnership which had concluded that performance had been satisfactory and that where there had been exceptions the Fund had been made aware in advance or had subsequently been provided with a reasonable, substantiated explanation.

**Decision taken:**

1. That the findings of the independent review and response from the Local Pensions Partnership, as set out in the Appendix to the report presented, are noted.
2. That the intention for the Local Pensions Partnership and shareholders to undertake a balanced score card exercise over the next 3 years is noted and that the Committee be kept informed of future developments.

County Councillor Eddie Pope  
Chair