

## **Meeting of the Full Council - 17 October 2019**

### **Report of the Pension Fund Committee meeting held on 20 September 2019**

**Chair: County Councillor Alan Schofield**

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

#### **Minutes of the Meeting held on 21 June 2019**

**Resolved:** That the Minutes of the meeting held on 21 June 2019 are confirmed as an accurate record and signed by the Chair.

#### **Lancashire County Pension Fund - External Audit Findings Report**

The Committee considered a report on the findings of the external audit of the Lancashire County Pension Fund Accounts for 2018/19 which had been considered by the Audit, Risk and Governance Committee on the 29<sup>th</sup> July 2019 when the presentational adjustments to the financial statements and other issues raised by the auditor, none of which had an impact on the net asset statement or the Fund account, had been noted.

The Committee noted that the outstanding items highlighted in the audit findings report had now been finalised and a final unqualified audit opinion issued.

**Decision taken:** That the findings of the external audit of the Lancashire County Pension Fund Accounts for 2018/19, as set out in the report presented together with the final unqualified audit opinion issued, are noted.

#### **Lancashire County Pension Fund Annual Report**

A final version of the Lancashire County Pension Fund Annual Report for the year ended 31<sup>st</sup> March 2019, which included a number of additional amendments made since the draft report was presented at the previous meeting, was presented. In considering the report the Committee identified some additional minor amendments and noted that the external auditor had concluded that the information in the annual report was consistent with the audited financial statements included within the statement of accounts.

#### **Decision taken:**

1. That the updates to the Annual Report for the year ended 31<sup>st</sup> March 2019, as set out in the report presented, are noted.
2. That the following additional changes be made to the Annual Report.

- a) amend the text in the foreword to clarify the relationship between the County Council, Preston City Council and the Fund in relation to the Park Hotel development.
  - b) amend the wording on page 6 to clarify those co-opted members of the Committee who are elected representatives.
3. That, subject to any further minor amendments, the Annual Report for the year ended 31<sup>st</sup> March is approved for publication on or before the 1<sup>st</sup> December 2019.

The Chair informed that meeting that in response to an earlier request from County Councillor Dowding he would take item 8 as the next item of business as she would need to leave the meeting early due to another commitment.

### **Responsible Investment Report**

When considering the report the Committee was informed that it was not possible to calculate how much companies spent on lobbying against climate change mitigation as the detailed costs on individual topics/themes were not reported. However, as the Local Authority Pension Fund Forum was already exploring this subject it was suggested that a representative be asked to address the Committee to provide some reassurance that action was being taken on behalf of Local Government Pension Schemes in this area.

The joint Responsible Investment Working Group proposed by the London Pensions Fund Authority was also discussed and it was reported that whilst the Committee had an agreed Responsible Investment policy in place the Authority had not yet agreed its own policy and so were not in a position to move forward with a joint Working Group.

### **Decision taken:**

1. That a representative of the Local Authority Pension Fund Forum be invited to attend a briefing for members of the Committee at 10.00am on the 29<sup>th</sup> November 2019 ahead of the next scheduled meeting.
2. That Mr R Branagh, the Managing Director of the London Pensions Fund Authority, be invited to attend the next meeting of the Committee to discuss the joint Working Group on Responsible Investment.
3. That the update on responsible investment activity, as set out in the Appendix to the report presented, is noted.

### **6. Lancashire County Pension Fund Q1 Budget Monitoring 2019/20**

The Committee considered a report on the financial performance of the Fund during the 3 months to 30<sup>th</sup> June 2019 together with a comparison of the results with the approved budget for the same period.

**Decision taken:** That the financial performance of the Fund up to the 30<sup>th</sup> June 2018, as set out in the report presented, is noted.

## **7. Local Pensions Partnership 2018/19 Annual Report and Accounts**

The Committee considered a report on the above which had been approved by the Local Pensions Partnership Board on the 31<sup>st</sup> July 2019.

**Decision taken:** That the content of the Local Pensions Partnership Annual Report and Accounts for the year ended 31<sup>st</sup> March 2019, as set out at Appendix 'A' to the report presented, is noted.

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

The Committee received a report on the workshop on the risk framework of the Fund which had been held on the 11<sup>th</sup> September 2019 and attended by County Councillors K Ellard, T Martin, J Mein and A Schofield together with co-opted members Mr P Crewe, Councillor R Whittle and Councillor D Borrow.

**Decision taken:** That the attendance by members of the Committee at the workshop on the 11<sup>th</sup> September 2019 is noted and that such attendance be recorded in the Training Record for the Committee.

## **Internal audit assurance over the Local Pensions Partnership**

The Committee considered a report on the findings of the review of all seven of the internal audits of the Local Pensions Partnership for 2018/19 as requested at the previous meeting. The Committee was informed that four of the seven audits had resulted in an assessment of 'ineffective' and the Partnership's Senior Management Team was taking action across the group to address the matters arising from the audits and would submit regular reports to the Board. It was noted that substantial assurance had been given by the County Councils internal audit service with regard to the Authority's oversight of the Fund and the Partnership.

### **Decision taken:**

1. That the assurance from the Local Pensions Partnership's internal auditor, as set out in the report presented, and the action taken to date by the Senior Management Board in response to the issues raised are noted.
2. That the County Councils Head of internal Audit liaise with the Chief Risk Officer from the Local Pensions Partnerships to produce a report for the next meeting to update the Committee on progress made in relation implementation of the Senior Management Board Action Plans.

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

### **Local Pensions Partnership Update to 30 June 2019**

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 on the performance of the Local Pensions Partnership up to 30<sup>th</sup> June 2019 which included reference to the development of a new strategy in response to shareholders key strategic priorities, details of savings achieved through asset pooling and an update on the Balanced Scorecard exercise to review performance. An update on activity associated with the pension administration service was also given at the meeting.

**Decision taken:** That the updates on activity of the Local Pensions Partnership, as set out in the report presented and given at the meeting, are noted.

### **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.

The Committee received a report on macro-economic factors and how they influenced the investment market in which the Lancashire County Pension Fund operated together with the Minutes from the Investment Panel held in June 2019.

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

### **16. Lancashire County Pension Fund Performance Overview.**

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 on the performance of the Fund up to 30<sup>th</sup> June 2019 and were informed that the Fund's investments continued to outperform both the internal and actuarial benchmarks. A proposed capital restructure of the Local Pensions Partnership to align it with other pooled Local Government Pension Funds was discussed and it was noted that a detailed report on the proposal, including the views of the Investment Panel, would be presented to the next meeting for consideration.

**Decision taken:** That the performance of the Fund, as set out in the report presented, is noted.

County Councillor Alan Schofield  
Chair