

Meeting of the Pension Fund Committee 13th September 2024

Chair: County Councillor Eddie Pope

Part I (Open to Press and Public)

Minutes of the last meeting.

Resolved: That the Minutes of the meeting held on 14th June 2024 are confirmed as an accurate record and signed by the Chair

Budget Monitoring 2024/25 - Quarter ended 30th June 2024.

Resolved: That the financial results of the Lancashire County Pension Fund for the 3 months to 30th June 2024, together with the budget and forecast variances set out in the report presented, are noted.

Lancashire County Pension Fund - External Audit Plan 2023/24.

The Committee considered a report on the external audit plan for 2023/24 together with the external audit findings for 2022/23 and Mr S Basnett, Engagement Manager from Grant Thornton, answered questions from Committee members.

Resolved: That the Committee:

1. note the external audit plan for the 2023/24 audit of the Lancashire County Pension Fund, as set out at Appendix 'A' to the report presented; and
2. note the findings of the external audit of the annual accounts of Lancashire County Pension Fund for the year ended 31 March 2023 as set out in Appendix 'B' to the report presented.

Lancashire County Pension Fund Annual Report 2023/24

The Committee considered a draft copy of the Lancashire County Pension Fund Annual Report, which had been developed in accordance with the latest guidance, and included the statement of accounts for the Fund, an updated Governance Compliance Statement together with the Annual Report of the Lancashire Local Pension Board. It was reported that a draft audit opinion was expected from the

external auditor by the end of September 2024 and would be included in the Annual Report when it is published, and Summary Document of the Annual Report would be produced ahead of the publication date of 1st December 2024.

Resolved:

1. That the Committee receive and note the Lancashire Local Pension Board Annual Report, included in the 'Governance and Training' section of the Lancashire County Pension Fund Annual Report 2023/24 set out at Appendix 'A' to the report presented.
2. That, subject to any minor changes, the inclusion of an updated audit opinion, and small accounting updates to be agreed by the Head of Fund, the Lancashire County Pension Fund Annual Report 2023/24 set out at Appendix 'A' is approved for publication on or before 1st December 2024.
3. That the final version of the Lancashire County Pension Fund Annual Report 2023/24 is circulated to members of the Committee prior to publication.

Fund Discretions Review

The Committee considered a report on the updated Lancashire County Council Discretions Policy Statement which included provision for the discontinuation of the abatement of ill-health pensions in payment with effect from 1 October 2024 and reinstatement of any pensions currently abated with effect from 1 October 2024, the date from which the new abatement discretion will apply. The Committee noted that the change regarding abatement of ill health pensions would only impact a small number of scheme members.

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

Pension related training for members of the Committee.

The Committee considered a report on training involving members of the Committee which had taken place since the last meeting, which included internal workshops on Cyber Security and the Fund Annual Report and Accounts. Committee members gave feedback on the LPPI Investment Conference in September 2024, and the Chair encouraged other members of the Committee to attend the event in the future.

Resolved: That the report is noted.

Responsible Investments Report

The Committee considered a detailed report on responsible investment matters covering Q1 (April to June 2024) which included a proposal to establish a Task and Finish Group to review the current Responsible Investment Policy of the Fund and undertake development work in relation to Taskforce on Climate-related Financial Disclosures (TCFD) before reporting back to future meetings of the Committee.



Resolved:

1. That the Committee approve the establishment of a Task and Finish Group comprising County Councillors A Schofield, J Couperthwaite, J Fillis, G Dowding, and Co-opted member Ms J Eastham, supported by the Officers referred to in the report (including Mr D Crum, Independent Investment Adviser) and with the following Terms of Reference.
 - a) To review the current LCPF Responsible Investment Policy and ensure it best reflects the values and beliefs of the Fund, whilst being mindful of the County Council's duties as an Administering Authority under the LGPS Regulations and any developments over the past 3 years.
 - b) To undertake activity to support the LCPF in progressing with preparation for implementation of Taskforce on Climate-related Financial Disclosures (TCFD) requirements.
2. That the outcomes of the work undertaken by the Task and Finish Group referred to in 1 above are reported to future meetings of the Committee in accordance with the timescale set out in the report presented.
3. That the update on responsible investment matters during Q1 of 2024, as set out in the report presented, is noted.

Part II (Not Open to Press and Public)

Internal audit assurance for the Pension Fund Committee.

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 outcomes of internal audit work undertaken in relation to the Lancashire County Pension Fund in 2023/24 together with details of further audits planned for 2024/25.

Resolved:

1. That the summary of outcomes from internal audit work undertaken in relation to the Lancashire County Pension Fund in 2023/24 together with details of further audits planned for 2024/25, as set out in the report presented, are noted.
2. That the Head of Internal Audit review any outstanding actions from a previous audit of the Lancashire County Pension Fund and provide feedback to members of the Committee outside of the meeting.



Lancashire County Pension Fund - Training Policy & Training Plan

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 revised Training Policy designed to assist members of the Committee and the Lancashire Local Pension Board to perform and develop personally in their roles and equip them with the necessary skills and knowledge to act effectively in line with their responsibilities. An updated Training Plan, which incorporated changes to be introduced as a result of the new Training Policy (such as use of an online system for some training and a reduction in the number of in person workshops for Committee/Board members) was also considered.

Resolved: That the revised Lancashire County Pension Fund Training Policy and associated Training Plan set out respectively at Appendices 'A' and 'B' of the report presented are approved.

Lancashire County Pension Fund Cyber Security Strategy.

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 proposed Cyber Security Strategy, Cyber Hygiene Guidelines and Cyber Incident Response Plan for the Fund which had been developed in accordance with the Pension Regulator's General Code of Practice and Cyber Principles for Pension Schemes.

Resolved: That the Committee:

1. Approve the Lancashire County Pension Fund Cyber Security Strategy, Cyber Hygiene Guidelines and Cyber Incident Response Plan, as set out in Appendices 'A' to 'C' of the report presented.
2. Delegate authority to the Head of Fund for any minor amendments that may be required regarding the following:
 - a) Updates to the Cyber Hygiene Guidelines (Appendix B) in the event that individuals may need to use a personal device for Pension Fund business.
 - b) Update to the Cyber Incident Response Plan (Appendix C) following engagement with Lancashire County Council Digital Services and Local Pensions Partnership Administration Ltd on notification processes/procedures referred to in the report presented.



Local Pensions Partnership Administration Update

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 detailed report on the performance of the pension administration service for Q1 (April to June 2024). The Managing Director of LPPA answered questions from Committee members and the Head of Fund provided an update and recommendation on the Annual Benefit Statements process.

Resolved: That the Committee:

1. Note the update on service performance and that Service Level Agreement targets have been met, the positive developments in relation to the Efficiency and Service Improvement and Retirement Action Plans, and customer satisfaction and helpdesk survey results.
2. Note areas that require further action, specifically outstanding steps on the retirement action plan, enhancements to performance measures, and consideration of outstanding casework volume and ongoing leaver cases; and
3. Agree that as the percentage of Annual Benefit Statements (ABS) produced is high and in line with previous experience (with a low number of exceptions) and that any outstanding ABS will be produced within a short timeframe it is not necessary to report the situation to the Pension Regulator.

Local Pensions Partnership - Shareholder Update.

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 activity undertaken by LPP and its subsidiaries up to 30th June 2024 and Mr C Rule, Chief Executive of LPP, answered questions from Committee members.

Resolved: That the updates on the activity and financial position of the Local Pensions Partnership Ltd and its subsidiaries, as set out in the report presented, are noted.

Lancashire County Pension Fund Investment Update.

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 detailed report on various investment matters, including key investment themes, the macro-economic outlook, and the headline performance of the Lancashire County Pension Fund.

Resolved: That the update on investments as set out in the report presented and given at the meeting is noted.

Local Investment.

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 local investment which included an update on projects in the Lancashire County Portfolio, referenced potential future opportunities for investment in Real Estate and Infrastructure, and included a recommendation from the Investment Panel.

Resolved: That the update on local Investment is noted and the recommendation from the Investment Panel to update the tolerance limit for local investment within the Lancashire County Portfolio, as set out in the report presented, is approved.

Investment Panel Update.

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.

Resolved: That the Minutes of the Investment Panel from meetings on 13th June and 30th July 2024 are noted.

Update on LCPF Strategic Plan 2024/25

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 progress to date regarding activity associated with the Strategic Plan for the Fund which had been the subject of an in-year review, noted that projects were on track, and that the Pensions Team would review any areas where progress had been delayed pending clarity on policy from the new government.

Resolved: That the report is noted, and a refreshed Strategic Plan be presented to a future meeting of the Committee.

