

## **Pension Fund Committee**

### **Composition and role**

1. The Pension Fund Committee ("the Committee") comprises fourteen County Councillors and seven voting co-optees representing the following organisations:
  - a. One co-optee representing the Further and Higher Education sector in Lancashire;
  - b. One co-optee from Blackburn with Darwen Council;
  - c. One co-optee from Blackpool Council;
  - d. Two co-optees representing Trade Unions; and
  - e. Two co-optees representing the Lancashire borough and city councils.
2. The role of the Committee is to:
  - a. exercise responsibility for the administration of the Lancashire County Pension Fund ("the Fund");
  - b. establish policies in relation to investment management, which shall include meeting with the Investment Panel to consider future investment policy for the Fund;
  - c. monitor and review investment activity and the performance of the Fund; and
  - d. present an annual report to the Full Council on the state of the Fund and on the investment activities during the preceding year.
3. Meetings of the Committee shall be open to the public, but the public may be excluded where information of an exempt or confidential nature is being discussed – see Access to Information Procedure Rules set out at Appendix 'H' to the County Council's Constitution.

### **Terms of Reference**

1. To exercise Lancashire County Council's responsibility for the management of the Fund, including the administration of benefits and strategic management of Fund assets and liabilities.
2. To have overall responsibility for investment policy and monitor overall performance.
3. To submit an annual report to the Full Council on the performance and state of the Fund and on the investment activities during the year.
4. To appoint a minimum of two suitable persons to an Investment Panel through a sub committee convened for that purpose.

5. To meet at least quarterly, or otherwise as necessary, with the Investment Panel in attendance.
6. To review governance arrangements and the efficient and effective use of external advisors to ensure good decision-making.
7. To approve the policies and procedures for any internally managed Fund investments.
8. To establish a Pension Fund Administration Sub-Committee and agree its composition, role and terms of reference.
9. To receive regular reports from the Treasurer to the Fund on the administration of the Fund to ensure that best practice standards are satisfied and met and to satisfy itself that and justify to all stakeholders, including Fund Employers, that the Fund is being run on an efficient and effective basis.
10. To approve the procurement process, tender award criteria and evaluation methodology in advance of any tender being invited for the appointment of external advisers and other external assistance in relation to the management of the Fund, to include:
  - a. external Investment Managers to discharge functions to be determined by the Committee relating to the management of the Fund's investments;
  - b. external property agents and advisors;
  - c. an external corporate governance adviser;
  - d. an external Fund custodian;
  - e. external performance measurement advisers;
  - f. the Fund Actuary; and
  - g. the Fund's AVC Provider.
11. To approve an Annual Business Plan, Statement of Investment Principles, Governance Policy Statement , Treasury Management Strategy and Policy and Governance Compliance Statement.
12. To approve the Pension Fund Annual Report.
13. To approve a Funding Strategy statement to include the Fund's policy in respect of:
  - a. the Funding Target;
  - b. the collection of employee contributions;
  - c. the collection of employer contributions;
  - d. the collection of additional employer contributions; and
  - e. Admissions and Terminations.
14. To determine which pension related functions and responsibilities should be exercised under the Council's Scheme of Delegation to Chief Officers.

15. To approve the overall appropriate and necessary training requirements for members of the Committee.

## **Pension Fund Administration Sub-Committee**

### **Composition and role**

1. The role of the Pension Fund Administration Sub-Committee ("the Sub-Committee") is to ensure that best practice standards are satisfied and met and to satisfy itself that and justify to all stakeholders, including Fund Employers, that the Fund is being run on an efficient and effective basis.
2. The Sub-Committee shall meet at least twice a year or otherwise as necessary.
3. The membership of the Sub-Committee shall be determined by the Pension Fund Committee ("the Committee"). The current membership is five County Councillors, one Trade Union representative and one representative from either the Lancashire borough and city councils or the Lancashire Unitary Authorities. All members have voting rights.

### **Terms of Reference**

1. To ensure that the Committee's functions as Administering Authority are discharged and approve an Annual Administration Report.
2. To agree the terms of a Service Level Agreement in relation to the provision of administration services and support.
3. To submit reports and make recommendations to the Committee relating to the administration of the Lancashire County Pension Fund.
4. To respond to any Government consultations relating to the administration and benefits of the Local Government Pension Scheme.
5. To approve the following:
  - a. Pensions Administration strategy statement;
  - b. Communication Policy statement;
  - c. Internal Dispute Resolution procedure;
  - d. Death Grant procedure;
  - e. Bulk Transfer Payment policy;
  - f. Commutation policy (small pensions);
  - g. Transfer policy; and
  - h. Abatement policy.

# Investment Panel

## Composition and role

1. The Investment Panel ("the Panel") will provide expert professional advice to the Pension Fund Committee in relation to investment activities, including the following categories of investment:
  - a. fixed interest securities managed by Investment Managers;
  - b. UK equities managed by the Investment Managers;
  - c. overseas equities and bonds managed by Investment Managers;
  - d. local investment in the acquisition and development of property in accordance with the investment strategy approved by the Pension Fund Committee;
  - e. UK and overseas unquoted investments via venture capital funds and other local arrangements;
  - f. acquisition of land and premises and the development of such land and improvements, refurbishment and modernisation of such premises;
  - g. indirect pooled property investments;
  - h. designated index linked funds;
  - i. investments managed internally and not by Investment Managers; and
  - j. any other monies to be invested other than in the above categories;

provided that in all cases the investment activity is consistent with the investment strategy approved by the Pension Fund Committee.

2. The Panel will:
  - a. review the Fund's long term investment strategy and where necessary make recommendations to the Pension Fund Committee;
  - b. monitor the performance of the Fund's Investment Managers; and
  - c. report on the performance of the Fund and where necessary make recommendations to the Pension Fund Committee.
3. The Panel does not exercise any delegated powers but instead will provide advice to the Treasurer to the Fund who will either exercise his/her delegated powers or make recommendations to the Pension Fund Committee taking into account the advice and views from the Panel.
4. The membership of the Panel comprises:
  - a. The Treasurer to the Fund (as Chair);
  - b. Not less than two independent advisers appointed in accordance with arrangements determined by the Pension Fund Committee;
  - c. The officer of the County Council fulfilling the role of Chief Investment Officer for the Fund; and
  - d. An officer of the County Council identified by the Treasurer to the Fund to oversee investment activities.

5. The Panel will meet at least quarterly, or otherwise as necessary.
6. The Panel may operate through sub groups to undertake particular tasks, but will formulate recommendations to the Treasurer to the Fund and or the Pensions Fund Committee through meetings of the full Panel.

### **Terms of Reference**

1. To provide advice to the Treasurer of the Fund regarding:
  - a. Recommendations to the Pension Fund Committee in relation to the Investment Strategy for the Fund;
  - b. The performance management of Investment Managers;
  - c. The broad composition of the Fund's investment portfolio, management style and types of investment;
  - d. The proposed procurement process, tender award criteria and evaluation methodology for external advisers and other external assistance including investment managers, property agents and advisors, corporate governance adviser, Fund Custodian, performance measurement advisers, the Fund Actuary and the Fund's AVC Provider (" external support") to enable the Treasurer to the Fund to seek the approval of the Pension Fund Committee to commence the procurement of any required external support;
  - e. The selection and appointment of any required external support (subject to the role of the Pension Fund Committee), their terms of office and remit;
  - f. The allocation of ranges and thresholds within which the Investment Managers should operate;
  - g. Review of the Statement of Investment Principles and compliance with investment arrangements;
  - h. Recommendations on the detailed management of the investment portfolios to respond to requests from investment managers to vary certain aspects of their mandates;
  - i. The performance management of an internally managed investments; and
  - j. The securing of specialist advice within allocated budgets.

## **Scheme of Delegation to Chief Officers**

### **Council and Committee Functions**

#### **County Treasurer**

#### **Pensions Fund**

As Treasurer of the Lancashire County Pension Fund:

1. Subject to the prior agreement of the two independent advisers on the Investment Panel to allocate monies for investment in the following categories of investment:
  - a. categories fixed interest securities managed by Investment Managers;
  - b. UK equities managed by Investment Managers;
  - c. overseas equities and bonds managed by Investment Managers;
  - d. local investment in the acquisition and development of property in accordance with the investment strategy approved by the Pension Fund Committee;
  - e. UK and overseas unquoted investments via venture capital funds and other local arrangements;
  - f. acquisition of land and premises and the development of such land and improvements, refurbishment and modernisation of such premises;
  - g. indirect pooled property investments;
  - h. designated index linked funds;
  - i. investments not to be managed by Investment Managers; and
  - j. other monies to be invested other than the above categories.

provided that in all cases the investment activity is consistent with the investment strategy approved by the Pension Fund Committee.

2. To report to each meeting of the Pension Fund Committee:
  - a. the investments authorised by the Treasurer to the Fund in accordance with paragraph 1 above since the previous meeting of the Pension Fund Committee, including the recommendations made by the Investment Panel in relation to each investment ;and
  - b. any investments that were considered by the Investment Panel but were not actioned by the Treasurer to the Fund together with the reasons for this.
3. To set the appropriate funding target for the Fund.
4. To place any monies not allocated to investments on short term deposit in accordance with the Treasury Management Strategy and Policy approved by the Pension Fund Committee.
5. In consultation with the Investment Panel, to monitor and review the performance of investments made by Investment Managers and to report to each meeting of the Pension Fund Committee on the exercise of this delegation.
6. To be responsible for the management of the Fund's property portfolio in accordance with the policy guidelines of the Pension Fund Committee and subject to the Procurement rules and Financial Regulations of the County Council, comprising:-
  - a. the negotiation and acceptance of terms for the acquisition, development and redevelopment and disposal of land and buildings;

- b. the acquisition and disposal of incidental property vehicles;
  - c. the negotiation and acceptance of terms for the granting, renewing, reviewing, varying or assignment of leases, underleases, tenancies, licences and any other interest in Fund property;
  - d. the preparation and implementation of schemes of works of modernisation, improvement, maintenance and repair to Fund property together with the invitation and acceptance of tenders and the authorisation of expenditure on such works;
  - e. the appointment and supervision of managing agents and professional advisors necessary for the effective management of the Fund's property portfolio, within budget provision;
  - f. the collection of all rents, the setting of management and collection of service charges, insurance premiums and any other monies arising out of the Fund's property portfolio, together with the approval of any in-house systems established to achieve this; and
  - g. The placing of insurance cover for the Fund's property portfolio to such value and for such risks as shall be considered appropriate.
7. To execute documentation relating to the implementation of a new investment mandate or existing investment mandates, including the renewal of property leases.
8. To maintain all necessary accounts and records in relation to the Fund save as otherwise discharged in accordance with arrangements determined by the Pension Fund Administration Sub-Committee.
9. To arrange and authorise the provision of appropriate training for members of the Pension Fund Committee including the attendance at conferences and other similar pension fund related events by members of the Pension Fund Committee.
10. To accept for admission into the Lancashire County Pension Fund employees of authorities and bodies as prescribed in Regulations including transferee and community admissions which are considered as 'exceptional circumstances', subject to an approved Admission Agreement, and subject to any necessary indemnities as appropriate.
11. To prepare and submit the following to Pension Fund Administration Sub-Committee:
- a. Pension Administration Strategy statement;
  - b. Commutation policy (small pensions);
  - c. Internal Dispute Resolution procedure;
  - d. Death Grant procedure;
  - e. Bulk Transfer Payment policy;

- f. Transfer policy;
- g. Abatement policy; and
- h. Communication policy statement;

and to arrange for the implementation and review as necessary of the above-mentioned statements, strategies, policies and procedures

12. To prepare and submit the following to the Pension Fund Committee:
- a. Pension Fund Annual Report;
  - b. Annual Business Plan;
  - c. Statement of Investment Principles;
  - d. Funding Strategy statement including the Fund's policy in respect of:
    - (i) the Funding Target;
    - (ii) the collection of employee contributions;
    - (iii) the collection of employer contributions;
    - (iv) the collection of additional employer contributions;
    - (v) Admissions and Terminations;

- e. Governance Policy Statement;
- f. Governance Compliance Statement; and
- g. Treasury Management Strategy and Policy

and to arrange for the implementation and review as necessary of the above-mentioned statements, strategies, policies and procedures.

13. To carry out the administrative functions of the administering authority relating to the Local Government Pension Scheme, under the terms of a Service Level Agreement.
14. The payment of death grants in accordance with the agreed Death Grant Procedures.
15. To deal with stage 2 appeals under the Internal Dispute Resolution Procedure.
16. To arrange and authorise appropriate and necessary training for members of the Committee.