

## **Pension Fund Committee**

Meeting to be held on 28 November 2014

Electoral Division affected: None
--------------------------------------

### **Establishment of the Lancashire Pension Board**

Contact for further information:

George Graham, (01772) 538102, County Treasurer's Directorate,

[george.graham@lancashire.gov.uk](mailto:george.graham@lancashire.gov.uk)

#### **Executive Summary**

The new Local Government Pension Scheme Governance regulations require each LGPS administering authority to create a Pensions Board to assist its work in managing its pension fund. This report sets out the proposed composition and terms of reference for the Lancashire Pension Board and asks the Committee to recommend these to the Full Council for approval.

#### **Recommendation**

The Committee are recommended to

- i. Endorse the proposals for the Lancashire Pension Board set out in this report and recommend them to the County Council for adoption.
- ii. Recommend the County Council approve the dissolution of the Administration Sub Committee and approve the proposed revised terms of reference for the Committee set out at Appendix B.

### **Background and Advice**

The Local Government Pension Scheme (Amendment) Regulations 2014, consultation on which has previously been reported to the Committee are now at an advanced stage in the approval process and given the timescale for implementation it is necessary to put arrangements in place to ensure that the Lancashire County Pension Fund can comply with the regulations when they come into force.

#### **Key Provisions**

The key provisions of the regulations are associated with the creation of a Pension Board in order:

- a) to secure compliance with:
  - i. the Regulations;
  - ii. other legislation relating to the governance and administration of the LGPS;

- iii. and the requirements imposed by the Regulator in relation to the LGPS, and
- b) to ensure the effective and efficient governance and administration of the LGPS.

It is important to note that the Board is not a committee set up under the Local Government Acts but a specific creation of the relevant regulations under public sector pension legislation, therefore requirements such as political balance do not apply. The Board is also not a decision making body, its role is to "assist" the Administering Authority and the Scheme Manager.

The regulations provide for a Board to be made up of equal numbers of employee and employer representatives with a minimum number of 2 of each, the latter giving an indication of the intention that these should be relatively small bodies. It is a matter for the administering authority (in this case the County Council) to make appointments to the Board and to assure itself that the Board is both representative of both employers and members of the Fund and that members of the Board meet the requirements for membership in terms of what the regulations describe as "relevant experience and capacity", but which in other contexts is referred to as knowledge and understanding.

There are restrictions on which County Council members or officers may be members of the Board in order to prevent conflict of interest. In essence from a member point of view it is not possible to be a member of both the Pension Fund Committee and the Pension Board, while no officer involved in the running of the Fund could be either an employer or employee representative.

It is possible to appoint other members to Boards who do not fall into either the employer or employee category, for example as an independent chair.

### **The Functions and Position of the Pensions Board in the Fund's Governance Structure**

The regulations and guidance clearly set out the role of the Pensions Board as a non-executive function while the Pension Fund Committee remains the decision making body in the new arrangements.

The roles of the various governance bodies are:

Administering Authority – The Full County Council responsible for making appropriate arrangements for the administration of the Fund.

Scheme Manager – The Pension Fund Committee responsible for the effective management of the Fund, with specific activities delegated to officers.

The Pension Board – Responsible for providing advice to ensure the above functions are carried out efficiently, effectively and in accordance with the relevant regulations.

It is expected that an ongoing dialogue will be maintained between the Pension Board and the Pension Fund Committee and that the Board will produce an annual report to the Full Council and would report to the Full Council if it identified any breach of regulations which the Committee determined not to address.

### **Proposed Composition of the Lancashire Board**

Given the need for a relatively small but representative body and to ensure that the Board is able to provide appropriate and knowledgeable challenge to the Pension Fund Committee as Scheme Manager it is proposed that:

1. The Lancashire Pension Board be chaired by an Independent Member with significant relevant experience either as a Pension Fund trustee or in the running of pension funds, preferably, within the Local Government Pension Scheme.
2. That the voting membership of the Board consist of 4 employer and 4 employee representatives.
3. That the 4 employee representatives be drawn:
  - a. 2 from active members of the Fund;
  - b. 1 from deferred members of the Fund;
  - c. 1 from pensioner members of the Fund.
4. That the 4 employer representatives be drawn:
  - a. 2 from Lancashire County Council
  - b. 1 from the other local authority employers within the Fund (excluding Parish and Town Councils);
  - c. 1 from all other employers within the Fund (including the Parish and Town Councils).

This provides representation for employers broadly in line with membership and while for employees membership in the three categories is roughly equally divided it is felt likely to be easier to secure representation from the active membership.

It will be a separate matter for the County Council (in its role as the major employer within the Fund) and the other local authorities to determine whether to appoint elected members or officers to represent them.

### **Appointment Process**

The following appointment process, which meets the criteria of openness and transparency set out in the relevant guidance, is proposed for each category of membership:

1. Independent Chair – To be appointed following public advertisement in appropriate publications such as the Financial Times using an interview process similar to that for the Fund's independent investment advisers, but with representatives of the Full Council as administering authority.

2. Employer representatives – Through seeking nominations from the respective "constituencies". If there were more nominations than places then subject to all nominees satisfying the "relevant experience and capacity test" a ballot of the relevant employer group would be held. It is expected that the County Council would appoint representatives through its usual processes and the other local authorities through some mechanism such as the Lancashire Leaders' Group. However, for the other employers there is clearly the potential for a ballot to be required.
3. Employee representatives – Through seeking nominations from the respective "constituencies". If there were more nominations than places then subject to all nominees satisfying the "relevant experience and capacity test" a ballot of the relevant employee group would be held. While this process is potentially lengthy and more expensive than potential alternatives such as nomination by representative bodies it is the only process which is fully open and transparent giving an equal chance for all members of the Fund to be appointed, as set out in the relevant guidance.

It is proposed that appointments would be for four years, although for any councilors appointed this would be subject to the results of any election in the intervening period. A term of office of this length, with the potential for reappointment, provides the opportunity for members of the Board to develop a degree of expertise, which will be of value to the Board. If elected members of the County Council are appointed this will be mid-way through their four year term and thus there is the potential for some staggering in the turnover of members to be introduced from the beginning of the life of the Board which is desirable.

The "relevant experience and capacity" test will need to be applied in line with the provisions of the guidance produced by the Shadow Scheme Advisory Board to ensure both that it operates effectively, but at the same time does not operate as an unnecessary deterrent to potential members who are able to undertake appropriate development activity.

### **Remuneration of Board Members**

Consideration needs to be given to whether members of the Board should be remunerated and if so, how. Clearly there is the potential for member representatives who are still in employment either to be deterred from putting themselves forward or to be out of pocket as a result of being appointed if there is no remuneration.

The following would seem to be an approach which balances the various issues which arise in this difficult area. As these appointments are not subject to the standard local authority rules and therefore are not subject to the Remuneration Panel's recommendation these are matters for the Council, acting as Administering Authority to decide, although clearly reference to the policies and principles recommended by the Remuneration Panel is good practice.

1. All members of the Board shall be reimbursed for travel and subsistence expenses they have actually and necessarily incurred in the conduct of their duties as a member of the Board, including attendance at relevant training and development activities. Rules in relation to the production of receipts etc. would apply.
2. In relation to members of the Board who are not councilors and are in employment, their employer will be able to reclaim a sum equivalent to salary, employers' national insurance contributions and employers' pension contributions, in respect of time spent by the individual in fulfilling their duties as a member of the Board, including attendance at relevant training and development activities.

The above attempts to ensure that no member of the Board will be out of pocket as a result of their membership and seeks to remove potential disincentives to membership while not providing a solely financial incentive to take part in the work of the Board.

For Councilors who are appointed to the Board the role would be part of the various council appointments they take on. It is therefore a matter for the particular Council making the appointment to consider how the responsibilities of membership should be dealt with as part of the relevant Members Allowance Scheme.

The role of Chair is different to those of other members as the aim is to seek an individual with both a significant degree of knowledge and experience and also the stature to guide the work of the Board. It is also likely that the Chair will have to undertake work in addition to attendance at meetings of the Board and attendance at training and development events, for example attendance at agenda planning meetings, and preparation of the Board's Annual report. If the analogy of the Members' Allowance Scheme is maintained then this would indicate some degree of "special responsibility" for which an allowance would be appropriate. Bearing in mind both the nature of the work required and the necessity to attract an individual of appropriate standing to this role it is suggested that an allowance of £10,000 per annum increased each April by the Retail Prices Index the previous September be approved. This is roughly 30% of the base fee payable to the Fund's Independent Investment Advisers whose commitment amounts to at least 1 day per month plus an expectation around maintaining the currency of their knowledge, responding to enquiries and dealing with issues through correspondence. While the input required of the Chair cannot easily be determined in advance the same basic requirement of attending meetings and training sessions maintaining knowledge and dealing with issues through correspondence will be required. As this is driven by the four meetings of the Board which is about 1/3 of the number of meetings for the advisers a base rate of c. 1/3 of the advisers seems appropriate.

### **Terms of Reference**

It will be necessary to agree appropriate terms of reference for the Board and reflect these within the Fund's Governance Policy Statement, which is, in effect the constitution for the Fund.

Attached at Appendix A are draft terms of reference for approval by the Full Council. These are somewhat fuller than would usually be the case as they need to be able to stand in isolation from the rest of the Council's constitutional documents.

### **Implications of the Creation of the Pension Board for the Fund's Existing Governance Arrangements**

The creation of the new Pension Board with an explicit compliance role presents, as it develops, the opportunity to review the Fund's existing Governance arrangements as part of work being undertaken by the County Council to review its overall governance arrangements.

Within any review of this sort key factors are likely to be:

- The size, effectiveness and manageability of the Committee (the current committee is 21 members against an average in England and Wales of 10 with most in the range 10-15) ;
- The representativeness of the Committee in terms of the various employer and member interests within the Fund, bearing in mind its responsibility to exercise functions of the County Council.
- The division of responsibility between the Committee and officers.

The conduct of any review of this sort is a matter for the County Council through the appropriate mechanisms. In the interim the creation of the Board creates the potential for some overlap in agendas with the Administration Sub Committee, and it is therefore recommended that the Committee recommend to the Council the abolition of this sub-committee and the amendments to its own terms of reference reflecting this set out at Appendix B. As well as reflecting the abolition of the Administration Sub Committee the opportunity has also been taken to structure the terms of reference more in line with the themes of activity undertaken by the Committee.

### **Timetable**

The first meeting of the new Board has to be held before July 2015 with the membership of the Board in place by April 2015. Subject to approval of the arrangements set out in this report by the full County Council in December this should be achievable and an outline timetable is set out below. The process for the Independent Chair will run in parallel with this.

Selection by ballot	
By 9 January 2015	Invite Nominations
By 15 February 2015	Circulate ballot papers (if required)
1 March 2015	Closing date for ballot papers to be returned (if required)
2 March 2015	Counting of ballot papers and declaration of results (if required), successful candidates advised.
3 March 2015	Appointment details on LCPF website
27 March 2015	Report results of process to Pension Fund Committee

Following appointment a training programme will be arranged for all members of the new Board prior to it commencing its work.

### **Consultation**

Any views received from the employer community and staff representative bodies will be reported orally at the meeting.

In general the responses received at the time of writing are either supportive or raise questions of detail, however, Unison in the North West made the following specific points:

1. They would prefer to see 5 member representatives and 5 employer representative as they feel this would be the appropriate size Board for a Fund of this size. The size of the Fund should not be a determining factor in the size of the Board, rather the size should be determined by the ability for the Board to be effective. In addition given the way in which 5 employer seats would logically have to be divided the County Council would begin to have a predominant influence which defeats the objective of the Board providing a genuinely independent oversight function.
2. They feel that it is inappropriate to have an independent chair. This is clearly a difference of opinion, but it is the view of officers that the additional knowledge and expertise that this role will provide will add to the effectiveness of the Board in providing appropriate challenge and scrutiny.
3. They would prefer all member representatives to be active members. This would not be in line with the guidance which indicates that all members of the Fund should be represented, which includes both pensioner and deferred members. It is, though, accepted that representatives of pensioner and deferred members may be more difficult to secure.
4. Unison are clear that they believe that Trade Union facility time should be provided for those acting as member representatives. This is a matter for individual employers, but the financial arrangements suggested in this report similarly are intended to ensure that there is no disincentive to employers to release staff, or to employees to put themselves forward.

5. Unison indicate a commitment to provide training for members who wish to become members of Boards, which is welcomed.
6. Unison express a preference for five year terms of office, which is the maximum suggested in the guidance. The suggestion of four years is a matter of administrative convenience to align with electoral cycles where councillors are appointed as members of the Board.

### **Implications:**

#### **Risk management**

The creation of the Board and its effective operation is intended to reduce the Fund's exposure to a range of risks associated with compliance with regulations and the Pensions Regulator's code for public service schemes,

#### **Financial**

Any costs incurred in the establishment and running of the Pension Board are chargeable to the Pension Fund under the terms of the relevant regulations.

Local Government (Access to Information) Act 1985  
List of Background Papers

Paper	Date	Contact/Directorate/Tel
-------	------	-------------------------

Reason for inclusion in Part II, if appropriate

N/a

# **Pension Board of the Lancashire County Pension Fund**

## **Terms of Reference and Delegated Authorities**

### **1) Role of the Local Pension Board**

The role of the Lancashire Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to –

- a) To assist Lancashire County Council as Administering Authority in its role as Scheme Manager; –
  - i. to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
  - ii. to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
  - iii. in such other matters as the LGPS regulations may specify
- b) To secure the effective and efficient governance and administration of the LGPS for the Lancashire County Pension Fund
- c) To provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board will also help ensure that the Lancashire County Pension Fund is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively, but not less than four times in any year.

### **2) Membership and Appointment Process**

The Pension Board shall consist of 9 members and be constituted as follows:

- a) 4 employer representatives, of whom;
  - i. 2 shall be nominated by Lancashire County Council, where these are councilors or officers they shall meet the requirements of the relevant regulations in relation to avoidance of conflict with the County Council's role as Administering Authority:

- ii. 1 shall be nominated by the Unitary, City, and Borough Councils and the Police and Fire bodies which are employers within the Lancashire County Pension Fund;
  - iii. 1 shall be nominated by all other employers within the Fund.
- b) 4 scheme member representatives of whom;
  - i. 2 shall represent and be drawn from active members of the Lancashire County Pension Fund;
  - ii. 1 shall represent and be drawn from pensioner members of the Lancashire County Pension Fund;
  - iii. 1 shall represent and be drawn from deferred members of the Lancashire County Pension Fund.
- c) 1 independent member selected by the Scheme Manager, who shall not be a member of the Lancashire County Pension Fund and who shall be appointed as Chair of the Board. Such appointment will only be made following an openly advertised competition for the role.

Members in all categories will only be appointed to the Board by the Scheme Manager if they meet the skill and knowledge requirements set out in the relevant regulations and guidance, and as set out in section 7, below.

Members of the Board in categories a) iii., and b) i., ii., and iii., shall only be appointed after all employers or members of the Fund in those categories have been invited to put forward nominations. Where there is more than one nomination in any category then any nominee who meets the relevant knowledge and skills requirement will be included on a ballot of all members or employers in the relevant category. The winner in such a ballot will be the candidate with the greatest number of votes under the "first past the post" method.

Members of the Board will serve for a term of four years. Other than as a result of retirement at the expiry of this period the term of office will come to an end:

- a) For employer representatives who are councillors if they cease to hold office as a councillor;
- b) For employer representatives who are not councillors when they cease to be employed by the employing body where they were employed on appointment;
- c) For scheme member representatives if they cease to be a member of the relevant member group.

Each Board member should endeavour to attend all Board meetings during the year and is required to attend at least 3 meetings each year. Given the nature of the Board as a supervisory body and the need for appropriate knowledge and skills and the clear avoidance of conflicts of interest substitute members are not permitted.

In the event of consistent non-attendance by any Board member, then the tenure of that membership should be reviewed by the other Board members in liaison with the Scheme Manager.

Other than by ceasing to be eligible as set out above, a Board member may only be removed from office during a term of appointment by the unanimous agreement of all of the other members. The removal of the independent member requires the consent of the Scheme Manager.

### **3) Quorum**

The Board shall not be quorate unless the Chair and at least 2 employer representatives and 2 scheme member representatives are present.

### **4) Conflicts of Interest**

The policy for identifying conflicts of interest is set out in a separate policy document.

### **5) Board Review Process**

The Board will undertake each year a formal review process to assess how well it and its members are performing with a view to seeking continuous improvement in the Board's performance.

### **6) Advisers to the Board**

The Board may be supported in its role and responsibilities through the appointment of advisers, in addition to the Scheme Manager's officers and the Fund's various advisers and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties.

The Board shall ensure that the performances of the advisers so appointed are reviewed on a regular basis.

### **7) Knowledge and Skills**

A member of the Pension Board must be conversant with –

1 The legislation and associated guidance of the Local Government Pension Scheme (LGPS).

2 Any document recording policy about the administration of the LGPS which is for the time being adopted by the Lancashire County Pension Fund.

A member of the Pension Board must have knowledge and understanding of –

a) The law relating to pensions, and

b) Any other matters which are prescribed in regulations.

It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.

In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.

Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.

Pension Board members will comply with the Scheme Manager's training policy.

### **8) Board Meetings – Notice Minutes and Reporting**

The Scheme Manager shall give notice to all Pension Board members of every meeting of the Pension Board, and shall ensure that all papers are published on the Lancashire County Pension Fund Website at least 5 working days prior to each meeting. These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

The Scheme Manager shall ensure that a formal record of Pension Board proceedings is maintained. Subsequent to each meeting the Chair will be asked to approve the minutes for publication as a draft and circulation to all members of the Board.

The Pension Board shall on an annual basis produce a report on both the nature and effect of its activities for consideration by the Administering Authority. The contents of this annual report will be subject to consideration and agreement at a meeting of the Board, but should include, inter alia:

- a) Details of the attendance of members of the Board at meetings,
- b) Details of the training and development activities provided for members of the board and attendance at such activities;
- c) Details of any recommendations made by the Board to the Scheme Manager and the Scheme Manager's response to those recommendations;
- d) Details of the costs incurred in the operation of the Board

The Board in considering items of business at its ordinary meetings shall in relation to each item consider whether it wishes to make a recommendation to the Scheme Manager, to which the Scheme Manager shall respond at the subsequent meeting.

### **9) Remit of the Board**

The Pension Board must assist the Scheme Manager with such other matters as the scheme regulations may specify. It is for scheme regulations and the Scheme Manager to determine precisely what the Pension Board's role entails. This role involves but is not limited to oversight and comment on:

- Performance standards;
- Customer service standards;
- Data quality and record keeping;
- Relative and absolute costs of running the fund;
- Learning from appeals and complaints;
- The application of specific policies within the fund, and
- The steps required to address any deficit within the fund.

### **10) Standards of Conduct**

The role of Pension Board members requires the highest standards of conduct and therefore the "seven principles of public life" will be applied to all Pension Board members and embodied in their code of conduct.

These principles are –

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

### **11) Decision making**

Each member of the Pension Board will have an individual voting right but it is expected the Pension Board will as far as possible reach a consensus. The Chair of the Pension Board will not have a final deciding vote.

### **12) Publication of Pension Board information**

Scheme members and other interested parties will want to know that the Lancashire County Pension Fund is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with scheme regulations, the governance and administration of the scheme and requirements of the Pension Regulator. Up to date information will be posted on the Lancashire County Pension Fund website showing

- The names, contact details and other relevant information about the Pension Board members
- How the scheme members are represented on the Pension Board
- The responsibilities of the Pension Board as a whole
- The full terms of reference and policies of the Pension Board and how they operate
- Details of the Pension Board appointment process
- Any specific roles and responsibilities of individual Pension Board members.

The Scheme Manager will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

### **13) Accountability**

The Pension Board will be collectively and individually accountable to the Scheme Manager.

### **14) Expense Reimbursement and Remuneration**

All members of the Board shall, on the production of relevant receipts be reimbursed for travel and subsistence expenses they have actually and necessarily incurred in the conduct of their duties as a member of the Board, including attendance at relevant training and development activities.

Members of the Board shall be reimbursed a mileage allowance for use of their own car at the rate proscribed by the Inland Revenue from time to time as adopted by Lancashire County Council.

Where members of the Board are in employment their employer will be able to reclaim from the Lancashire County Pension Fund a sum equivalent to salary, employers' national insurance contributions and employers' pension contributions, in respect of time spent by the individual in fulfilling their duties as a member of the Board, including attendance at relevant training and development activities.

The Chair of the Board shall receive a fixed annual allowance set initially (2015) at £10,000 pa (in addition to travel and subsistence expenses) to be inflated in April each year by the retail price index for the previous September.

### **15) Reporting Breaches**

Any breach brought to the attention of the Pension Board, whether potential or actual, shall be dealt with in accordance with the procedure set out in a separate policy document.

### **16) Definitions**

The undernoted terms shall have the following meaning when used in this document:

*"Pension Board" or "Board"*

Means the local Pension Board for the Lancashire County Council as administering authority for the Lancashire County Pension Fund as required under the Public Service Pensions Act 2013

*"Scheme Manager"*

Means the Pension Fund Committee as administering authority of the Lancashire County Pension Fund.

*"Chair"*

The individual responsible for chairing meetings of the Board and guiding its debates.

*"LGPS"*

The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and the  
The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009

*"Scheme"*

Means the Local Government Pension Scheme as defined under "LGPS"

**Proposed Revised Terms of Reference for the Pension Fund Committee**

**Pension Fund Committee**

**Composition and role**

1. The Pension Fund Committee ("the Committee") comprises fourteen County Councilors 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. Fulfil the role of Scheme Manager, as set out in regulations, 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**

**General**

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 determine which pension related functions and responsibilities should be exercised under the Council's Scheme of Delegation to Chief Officers.
3. To review governance arrangements and the efficient and effective use of external advisors to ensure good decision-making.
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 approve the overall appropriate and necessary training requirements for members of the Committee.

#### Policy and Strategic Planning

7. To approve the following key policy documents:
  - a) A rolling 3 Year Strategic Plan;
  - b) Statement of Investment Principles,
  - c) Governance Policy Statement
  - d) Governance Compliance Statement.
  - e) Pension Fund Annual Report, including the Annual Administration Report.
  - f) The Funding Strategy Statement to include 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; and
    - v. Admissions and Terminations.
  - g) Pensions Administration strategy statement;
  - h) Communication Policy statement;
  - i) Internal Dispute Resolution Procedure;
  - j) Death Grant Procedure;
  - k) Bulk Transfer Payment Policy;
  - l) Commutation policy (small pensions);
  - m) Transfer policy; and
  - n) Abatement policy

#### Monitoring Performance

8. To receive periodic reports from the Director – Lancashire County Pension Fund to ensure that best practice is being adopted and value for money being delivered in relation to
  - a. The performance of the Fund's investments;
  - b. The performance of the Fund's administration service

#### Investment

9. To have overall responsibility for investment policy.
10. To approve and review on a regular basis an overall Investment Strategy and subsidiary Strategies for such asset classes as the Investment Panel consider appropriate.
11. 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.
12. To approve the policies and procedures for any internally managed Fund investments.

#### Procurement

13. 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.