

Appendix 'A'

Pension Fund Committee

Terms of Reference

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" or "LCPF");
 - 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. The Committee shall meet at least quarterly, or otherwise as necessary, with the Investment Panel in attendance.
4. 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.

General:

5. 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.
6. To determine which pension related functions and responsibilities should be exercised under a Scheme of Delegation to the Head of the LCPF, the

Director of Financial Resources (S.151 Officer) and the Director of Governance, Finance and Public Services.

7. To review governance arrangements and the efficient and effective use of external advisors to ensure good decision-making.
8. To appoint a minimum of two suitable persons to an Investment Panel through a sub committee convened for that purpose.
9. To establish sub-committees and panels as necessary to undertake any part of the Committee's functions.
10. To receive an annual report from the Lancashire Local Pensions Board on the nature and effect of its activities.

Policies (other than Investment, Administration and Funding – see below):

11. To approve the following key policy documents:
 - a. A rolling 3 Year Strategic Plan for the Fund;
 - b. The Statement of Investment Principles
 - c. Governance Policy Statement;
 - d. Governance Compliance Statement;
 - e. Pension Fund Annual Report;
 - f. Communication Policy statement;
 - g. Internal Dispute Resolution Procedure;
 - h. Death Grant Procedure;
 - i. Bulk Transfer Payment Policy;
 - j. Commutation policy (small pensions);
 - k. Transfer policy;
 - l. Abatement policy; and
 - m. Any other discretionary policies as required under LGPS regulations

Investment:

12. To determine the strategic asset allocation policy, giving due recognition to the options made available by the Local Pensions Partnership Ltd (LPPL).
13. To monitor the performance of the Fund's investments and ensure that best practice is being adopted and value for money is being delivered.
14. 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.
15. 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.
16. To have overall responsibility for investment policy.

Administration:

17. To approve the Annual Administration Report
18. To approve the Pensions Administration Strategy Statement
19. To monitor the performance of the pensions administration function.

Funding:

20. To approve the Funding Strategy Statement which shall 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.
21. To approve Scheme Funding Advice
22. To review ongoing funding updates for potential cash contribution implications

Procurement:

23. To approve the procurement process, tender award criteria and evaluation methodology in advance of any tender being invited for the appointment of external support, including:
 - a. an external corporate governance adviser;
 - b. an external Fund custodian;
 - c. external performance measurement advisers;
 - d. the Fund Actuary; and
 - e. the Fund's AVC Provider.

Training:

24. To approve the annual Training Plan for members of the Pension Fund Committee and actively participate in training opportunities.

Local Pensions Partnership Ltd (LPPL):

LPPL was formed in partnership between the County Council and the London Pension Funds Authority (LPFA) to carry out certain pension functions such as investment activity and administration on behalf of the two partner authorities. The relationship between the County Council and LPFA is governed by a number of agreements one of which (the Shareholders Agreement dated 6 April 2016) reserves certain key matters for the determination of the County Council and LPFA rather than LPPL (the "Reserved Matters"). References to delegated powers relating to LPPL address the

Reserved Matters. Unless stipulated, any reference to the "Agreement" is a reference to the Shareholders Agreement dated 6 April 2016.

Incorporation or winding up of subsidiaries:

25. To approve, with the exception to the formation of vehicles which are necessary for any transactional, operational or tax efficiency reasons in the sole opinion of the Board, any incorporation of any new subsidiary of LPPL or any of its Group Companies or any liquidation or winding up of LLP or any of its Group Companies. Any acquisition of any shares in any company, whether through subscription or transfer, such that the company concerned becomes a Subsidiary of LPPL or any Group Company.

Merger/acquisition of any business undertaking:

26. To approve the amalgamation or merger with any company, association, partnership or legal entity or the acquisition of any business undertaking of any other person.

Financial and Business:

27. To approve any Strategic Plan for LPPL or make any material changes to any Strategic Plan after its approval.
28. To approve any extension of the activities of LPPL outside the scope of the Business or close down any business operation.
29. To receive the annual accounts of LPPL.
30. To approve the establishment, provision or amendment of any pension scheme.
31. To give or take any loans, borrowing or credit (other than normal trade credit in the ordinary course of business) in excess of £1,000,000 or cause the aggregate indebtedness of LPPL to exceed £5m.

Shares, shareholder loans and constitutional:

32. To pay or declare any dividend (other than as expressly provided for in the Shareholder agreement) or other distribution to the Shareholders or redeem or buy any Shares or otherwise reorganise the share capital of LPPL.
33. To admit any person whether by subscription or transfer as a member of LPPL save as provided for in the Shareholder Agreement.
34. To approve any name change of LPPL

Control, management, directors and employees:

35. To approve the remuneration policy of LPPL Non-Executive Directors.

36. To approve the appointment or removal of any statutory director of LPPL otherwise than in accordance with the Shareholder Agreement and the Articles of LPPL.
37. To enter into or vary any agreement for the provision of consultancy, management or other services by any person which will, or is likely to result in, LPPL being managed otherwise than by its directors or controlled otherwise than by its shareholders.
38. To approve the move of the central management and control of LPPL or LPPL's tax residence outside of the UK.

Contract with related parties

39. To enter into or vary any contracts or arrangements with any of the Shareholders or Directors or any person with whom any Shareholder or Director is connected (whether as director, consultant, shareholder or otherwise) save as anticipated in the various agreements between the County Council, LPFA and LPPL entered into on 6 April 2016.
40. To approve the commencement or the taking of steps to commence any insolvency proceedings under any law relating to insolvency anywhere in the world unless LPPL is at the relevant time unable to pay its debts as they fall due or the value of its assets is less than its liabilities, including its contingent and prospective liabilities and the directors reasonably consider (taking into account their fiduciary duties) that it ought to be wound up or it ought to enter into administration.
41. To enter into any partnership, joint venture or profit sharing arrangement with any person or create any share option scheme.
42. To enter into or make any material variation to any agreement not in the ordinary course of the Business and/or which is not on an arm's length basis.
43. To approve the sale, lease (as lessor), licence (as licensor), transfer or otherwise dispose of any of its material assets.
44. To enter into any contract which cannot be terminated within 48 months and under which the liability for such termination could exceed £1 million.