

Lancashire County Council

Pension Fund Committee

**Minutes of the Meeting held on Friday, 8th March, 2024 at 10.30 am in
Committee Room 'A' - The Tudor Room, County Hall, Preston.**

Present:

County Councillor E Pope (Chair)

County Councillors

M Brown	J Fillis
J Burrows	A Gardiner
M Clifford	J Mein
J Couperthwaite	A Schofield
F De Molfetta	R Woollam

Co-opted members

Councillor M Smith, Blackpool Council.
Councillor D Borrow, City & Borough Councils.
Mr P Crewe, Trade Unions.
Ms S Roylance, Trade Unions.

In attendance:

Mr M Wynn, Director of Resources, Lancashire County Council.
Mr S Basnett, Engagement Manager, Grant Thornton.
Mr S Greene, Head of Pension Fund, Lancashire County Council.
Ms M George Independent Investment Adviser.
Mr R Hudson, Senior Lawyer, Lancashire County Council.
Mr M Neville, Senior Democratic Services Officer, Lancashire County Council.
Mr C Rule, Chief Executive, Local Pensions Partnership.
Ms J Darbyshire, Director of Administration, Local Pensions Partnership.

1. Welcome and Apologies

The Chair welcomed everyone to the meeting and reported that Councillor D Whipp had recently been nominated to fill the vacancy on the Committee for a Co-opted member representing City and Borough Councils. The Chair also noted that Mrs Miller, the Chair of the Lancashire Local pension Board, and Ms Devitt, Independent Investment Adviser to the Fund, had joined the meeting remotely.

Apologies for absence were received from County Councillor C Edwards and Co-opted members Ms J Eastham and Councillor D Whipp.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

No declarations of interest were made at this point in the meeting.

3. Minutes of the last meeting.

Resolved: That the Minutes of the meeting held on 9th February 2024 are confirmed as an accurate record and that a copy be signed by the Chair and placed in the Minute Book

4. Lancashire County Pension Fund - External Audit Findings Report 2022/23.

Mr S Basnett, Engagement Manager at Grant Thornton, presented a report on the external audit of the Lancashire County Pension Fund annual accounts for the year ended 31st March 2023.

In considering the report the Committee noted the national delays in completion of local government audits and recognised that the auditors' final opinion on both the County Council and the Fund accounts was expected to be presented to the Audit Risk and Governance Committee on 22nd April 2024.

Resolved:

1. That the findings and other issues raised by the external auditor in relation to the Lancashire County Pension Fund accounts 2022/23 are noted.
2. That the Committee be informed of the auditors' final opinion on the Lancashire County Council and Lancashire County Pension Fund accounts following the meeting of the Audit Risk and Governance Committee on 22nd April 2024.

Before the next item the Chair invited Ms Devitt to address the Committee as this was her last meeting as an Independent Investment Adviser to the Fund. Ms Devitt thanked the Committee and gave an overview of the macro-economic factors which affected the investment market. On behalf of the Committee the Chair thanked Ms Devitt and wished her well for her future career.

Ms Devitt then dialled out of the meeting.

5. Budget Monitoring 2023/24 – Q3

A report was presented on the income and expenditure of the Fund for the 9-month period up to 31st December 2023, together with budget and forecast variances for the financial year ending 31st March 2024.

Resolved: That the financial results for the 9 months up to 31st December 2023 and budget and forecast variances, as set out in the report presented, are noted.



6. Lancashire County Pension Fund Budget 2024/25

The Head of Fund presented a report on a one-year budget for the Fund for the year ending 31st March 2025.

Resolved: That the Lancashire County Pension Fund budget for the year ended 31st March 2025, as set out at Appendix 'A' to the report presented, is approved.

7. Overpayments.

The Head of Fund presented a report on the recovery of Pension Fund Debts and writing off irrecoverable amounts which noted that implementation of a new pension administration system at LPPA and a finance system at the County Council in 2022 had affected debt recovery. However, as debt recovery and write off processes were now embedded, the resulting improvements were reflected in the position set out in the report.

Resolved: That the update on overpayments for the period 1st April 2022 to 31st March 2023, as set out in the report presented, is noted.

8. Pension related training for members of the Committee.

A report was presented on pension related training involving members of the Committee since the last meeting. County Councillor Clifford gave feedback on his experience at the PLSA Investment Conference, and the Chair encouraged members of the Committee to attend future external conferences. It was noted that the next scheduled internal workshop for members of the Committee would be held at 1pm on 27th March 2024 at County Hall.

Resolved: That the participation by Committee members at external conferences and internal training events since the last meeting, as set out in the report, is noted and the Training Record updated accordingly.

9. Training Plan 2024/25.

The Committee considered a report on the draft 2024/25 Training Plan which set out various training opportunities for the first six months of 2024 based on regulatory requirements, best practice, and feedback from members of the Committee and the Pension Board. The Head of Fund confirmed that a revised plan covering the remainder of the year was under development and would be presented to the Committee later in the year.

It was noted that the LPPI Conference would be held on 4th September 2024 and details would be circulated to members of the Committee in due course.

Resolved:



1. That the Training Plan for the first six months of 2024/25, as set out at Appendix 'A' to the report presented, is approved.
2. That an updated Training Plan covering the remainder of 2024/25 be presented to a future meeting for approval.

10. Lancashire Local Pension Board Workplan 2024/25

The Chair presented a report on the 2024/25 Work Plan for the Pension Board which had been developed in consultation with Fund Officers and included regular activity which fell under the remit of the Board, together with specific activity related to the 2024/25 Lancashire County Pension Fund Strategic Plan.

Resolved: That the 2024/25 Work Plan for the Lancashire Local Pension Board, as set out in Appendix 'A' to the report presented, is approved.

11. Responsible Investments Report

The Head of Fund presented a detailed update report from Local Pensions Partnership Investments Limited on responsible investment matters during the fourth quarter of 2023 (1st October to 31st December).

During consideration of the report members of the Committee queried reference to 'global controversy engagement' in the Dashboard at Appendix 'B' to the report and asked for an update on the level of Fund investment in tobacco/alcohol. In response Mr Rule, LPP Chief Executive, stated he would ask the Head of Responsible Investment to provide a response for circulation to members of the Committee outside of the meeting.

Resolved:

1. That the update on responsible investment activity during Q4 of 2022, as set out in the report presented, is noted.
2. That further information regarding the reference to 'global controversy engagement' in the Dashboard at Appendix 'B' to the report and the level of Fund investment in tobacco/alcohol be circulated to members of the Committee outside of the meeting for information.

12. Urgent Business

No items of business were raised under this heading.

13. Date of Next Meeting

It was noted that the next scheduled meeting would be held at 10.30am on Friday 14th June 2024 in Committee Room 'A' - The Tudor Room at County Hall, Preston.



14. Exclusion of Press and Public

Resolved: That the press and public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraphs of Part 1 of Schedule 12A to the Local Government Act, 1972, as indicated against the heading of each item. It is considered that in all the circumstances the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

15. 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.

Ms J Darbyshire, the Managing Director at Local Pensions Partnership Administration Ltd, (LPPA) presented a detailed report on the performance of the pension administration service during the three months to 31st December 2023

In considering the report the Committee discussed the need for greater employer engagement to ensure that accurate information (monthly return data) was provided in a timely manner to reduce delays when processing retirements. The Chair urged members of the Committee to raise the issue with employers in anticipation of the next Valuation in 2025 so that further engagement and support could be provided where necessary by LPPA to employers. It was also suggested that future communications to employers focus on information required as part of the retirement process and the need for early notification of retirements, including clarification of the process for employers to notify LPPA of retirements.

The Director of Resources updated the Committee on action taken by Lancashire County Council in relation to improved engagement with LPPA.

Resolved:

1. That the performance of the pension administration service during the period 1st October – 31st December 2023, as set out in the report presented, is noted.
2. That a further report regarding improved engagement/communications between Lancashire County Council and LPPA in relation to the provision of monthly return data and the processing of retirements be presented to the next meeting.

The Chair of the Lancashire Local Pension Board left the meeting at this point.



16. Lancashire County Pension Fund 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 Head of Fund presented a report on the draft Lancashire County Pension Fund Strategic Plan for 2024/25 which defined key projects for the Fund and identified specific activity to be undertaken over the next 12 months in relation to six workstreams. An overview of the structure of the Pension Fund team, that would support delivery of the Strategic Plan, was also presented.

Resolved:

1. That the Lancashire County Pension Fund Strategic Plan for 2024/25, as set out at Appendix 'B' to the report presented, is approved.
2. That the Pension Fund Team structure, as set out at Appendix 'C' to the report presented is noted.

17. 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.

Mr Rule, Chief Executive of the Local Pensions Partnership Ltd (LPP) presented a report on activity by the Company together with an update on Shareholder activity associated with the Fund's strategic plan and the ongoing LPP Governance Review.

Resolved: That the Local Pensions Partnership (LPP) Shareholder update to 31st December 2023 (Appendix 'A') together with updates on Shareholder activity in relation to the Fund's 2024/25 Strategic Plan, and the LPP Governance Review project, as set out in the report presented, are noted.

18. Local Pensions Partnership Limited - Budget 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.

Mr Rule, Chief Executive of the Local Pensions Partnership Ltd (LPP) presented a report on the LPP Group budget for 2024/25 together with a business plan for the Local Pensions Partnerships Investments Ltd.



Resolved:

1. That the Local Pensions Partnership Limited Group budget for 2024/25, as set out in Appendix 'A' to the report presented, is approved; and
2. That the Local Pensions Partnership Investments Limited business plan, as set out at Appendix 'B' to the report presented is noted.

19. Investment Context 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.

Ms George, Independent Investment Adviser to the Fund, presented a report on the performance of global markets/economies and other factors which influenced the investment markets in which the Fund operated.

Resolved: That the report is noted.

20. Investment Performance 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.

Ms George, Independent Investment Adviser to the Fund, presented a report on the performance of the Fund up to 31st December 2023 highlighting the total portfolio performance over the long term, individual asset class allocations and the current total Fund level.

Resolved: That the performance of the Fund for the quarter to the end of December 2023, as set out in the report presented is noted.

Representatives from LPP left the meeting at this point.

21. 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 Head of Fund presented a report on the matters discussed at the Investment Panel on 30th November 2023, as set out in the Minutes of that meeting, and provided an update from discussions at the Panel on 7th March 2024.



Resolved: That the Minutes of the Investment Panel held on 30th November 2023 are noted.

22. Appointment of Independent Investment Adviser to the Pension Fund

Exempt information as defined in Paragraphs 1, 2 and 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 Head of Fund presented a report on the proposed process to recruit and appoint a person to fill the vacancy for an Independent Investment Adviser to the Fund.

Resolved:

1. That the process for the recruitment and appointment of an Independent Investment Adviser to the Fund, as set out in the report presented is approved.
2. That the establishment of an Appointments Sub-Committee (to conduct interviews and appoint an Independent Investment Adviser) on the basis set out in the report is approved.

H MacAndrew
Director of Law and Governance

County Hall
Preston

