

Lancashire County Council

Pension Fund Committee

**Minutes of the Meeting held on Friday, 1st December, 2023 at 10.30 am in
Committee Room 'A' - The Tudor Room, County Hall, Preston**

Present:

County Councillor E Pope (Chair)

County Councillors

M Brown	A Gardiner
J Burrows	J Mein
M Clifford	S Rigby*
J Couperthwaite	A Schofield
F De Molfetta	R Woollam

*Replaced County Councillor C Edwards for this meeting only.

Co-opted members

Councillor D Borrow, City and Borough Councils
Ms J Eastham, Further Education/Higher Education Institutions
Mr P Crewe, Trade Unions

In attendance:

Mr S Greene, Head of Pension Fund, Lancashire County Council.
Ms A Devitt, Independent Investment Adviser.
Ms M George Independent Investment Adviser.
Mr R Cathey, Principal Lawyer, Lancashire County Council.
Mr M Neville, Senior Democratic Services Officer, Lancashire County Council.
Ms F Miller, Chair of the Lancashire Local Pension Board.
Mr C Rule, Chief Executive, Local Pensions Partnership Ltd.
Ms J Darbyshire, Managing Director, Local Pensions Partnership Administration Ltd.

1. Welcome and Apologies

The Chair welcomed everyone and noted that County Councillor J Fillis had joined the meeting online. Mr Neville reported that apologies had been received from Co-opted members Councillor M Smith and Ms S Roylance.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

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

3. Minutes of the meeting held on 15th September 2023.

Resolved: That the Minutes of the meeting held on 15th September 2023 are confirmed as an accurate record and signed by the Chair.

4. Budget Monitoring 2023/24 – Q2

The Head of Fund presented a report on the income and expenditure of the Lancashire County Pension Fund for the 6 months up to 30th September 2023, together with a forecast for the year ending 31st March 2024.

Resolved: That the financial results of the Fund for the 6 months up to 30th September 2023 together with the budget and forecast variances set out in the report presented are noted.

5. Local Pensions Partnership Annual Report and Accounts

The Committee considered a report on the Local Pensions Partnership Annual Report and Accounts for the year ended 31st March 2023 which included a strategic report and the financial statements of the Company. In response to a query regarding staffing Mr Rule, Chief Executive of the Local Pensions Partnership (LPP) confirmed that the LPP Budget, which would be presented to Committee in March 2024, would include provision for additional staff.

Resolved: That the Annual Report and Accounts for the Local Pensions Partnership Limited for the year ended 31st March 2023, as set out at Appendix 'A' to the report presented, is noted.

6. Lancashire County Pension Fund Strategic Plan 2023/24 - Progress Update

The Head of Fund presented a report which updated the Committee on activity undertaken by the Fund as part of the LCPF Strategic Plan.

In considering the report the Committee noted that work relating to the Local Pensions Partnership Governance review had taken longer than expected and an additional meeting of the Committee had been proposed for 9th February 2024 to consider a revised Shareholder Agreement. Work on the Fund Resource Review had also been impacted and a report on the outcome of the review, including provision of additional resources within the Pensions Team was expected to be presented to Committee in March 2024. In addition, it was noted that a report on overpayments would be provided.



Resolved: That the progress to date on the Funds Strategic Plan for 2023/24 is noted.

7. Pension related training for members of the Committee.

The Chair presented a report on the pension related training for members of the Committee which had taken place since the previous meeting and noted that a training questionnaire will be issued to members of the Committee in December 2023.

Resolved: That the participation of individual members of the Committee at the training events referred to in the report is noted and documented in the Training Record.

8. Responsible Investment Report

The Head of Fund presented an update report on responsible investment activity during the third quarter of 2023 and informed the Committee that he would attend the Local Authority Pension Fund Forum Annual Conference the following week.

Resolved: That the update on responsible investment activity by Local Pensions Partnership Investments Ltd during Q3, as set out in the report presented, is noted.

9. Urgent Business

No items of urgent business were raised at the meeting under this heading.

10. Date of Next Meeting

It was noted that the next scheduled meeting of the Committee would be held at 10.30am on 8th March 2024 in Committee Room 'A' - The Tudor Room at County Hall, Preston and would be preceded by a 30-minute briefing for Committee members in the same room (topic to be confirmed).

11. 2024/25 programme of meetings and additional meeting.

A report was presented on the 2024/25 programme of meetings for the Pension Fund Committee, as agreed by Full Council in October 2023, together with a proposal to hold an additional meeting of the Committee in February 2024 regarding the Local Pensions Partnership Governance Review.

Resolved:

1. That an additional meeting of the Committee be held at 10.30am on 9th February 2024 in Committee Room 'C' - The Duke of Lancaster Room, at County Hall, Preston to consider the LPP Governance Review.
2. That the 2024/25 programme of meetings, as approved by full Council in October 2023 and set out below, is noted with all meetings to be held in



Committee Room 'A' - The Tudor Room at County Hall, Preston, starting at 10.30am.

14th June 2024

13th September 2024

6th December 2024

7th March 2025

12. 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.

At this point in the meeting the Chair introduced Ms F Miller, the new Chair of the Lancashire Local Pension Board, who would be working with the Pensions Team and Local Pensions Partnership Administration Ltd regarding the pensions administration service

13. 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, Managing Director at Local Pensions Partnership Administration Ltd, presented a report on the performance of the pension administration service for the 3 months to 30th September 2023 together with a supplementary update report (Appendix 'D') for October 2023. When considering the report members of the Committee discussed complaints, volume of retirement case work, retirement notifications process, AVCs and the performance of the helpdesk. In addition, the Head of Fund presented a report on administration metrics based on discussions with the Local Pension Board at its meeting in October 2023.

Resolved: That the updates on the pension administration activity and performance, as set out in the report presented and given at the meeting, are noted.

14. Lancashire County Pension Fund - Risk Register

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 full risk register for the Lancashire County Pension Fund and highlighted risks associated with the implementation of new systems, statutory provision of information and the McCloud remedy. Geopolitical risks and communication/engagement with Fund employers were also discussed.

Resolved: That the current Lancashire County Pension Fund Risk Register, as set out in Appendix 'B' to the report presented, is noted.

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

15. 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 presented a report on Company activity and updated the Committee on the outcome of the Government consultation on investment pooling.

Resolved: That the updates set out in the report and given at the meeting are noted.

16. 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 Devitt, Independent Investment Adviser to the Fund, presented a detailed report on macro-economic factors that influenced the investment market in which the Fund operated, including inflation and geopolitical risk.

Resolved: That the update on the various macro-economic factors that influence the investment market in which the Lancashire County Pension Fund operates is noted.

17. 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 detailed report on the performance of the Fund to the end of September 2023 and highlighted



the portfolio performance over the longer term, current asset allocations/cashflow and the position of the Fund in relation to future pooling.

Resolved: That the performance of the Lancashire County Pension Fund up to the end of September 2023, as set out in the report presented, is noted.

Representatives from the Local Pensions Partnership Limited left the meeting at this point.

18. 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 informed the Committee of various matters that were discussed at the Investment Panel on the day before and presented a report from the previous meeting held on 14th September 2023

Resolved: That the Minutes of the Investment Panel held on 14th September 2023 are noted.

Mr Rule, Chief Executive from the Local Pensions Partnership Ltd re-joined the meeting for the next item only.

19. Local Pensions Partnership Investments Ltd - Defined Benefit Liabilities

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 Chair presented a report on a proposed solution for a potential issue for Local Pensions Partnership Investments Ltd regarding capital adequacy.

Resolved: That the Committee

1. Note that existing employees of Local Pensions Partnership Investments Ltd who are active members of the Local Government Pension Scheme (LGPS) either via Lancashire County Pension Fund or London Pension Fund Authority (LPFA) will, in future, continue their membership of the LGPS via LPFA; and
2. Approve that from 1st April 2024 new employees of Local Pension Partnership Investments Ltd will cease to be offered membership of the LGPS and that an alternative Defined Contribution pension offer be provided instead.



20. Independent Investment Advisers - strategic objectives

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 informed the Committee that an assessment of compliance had found that the Independent Investment Advisers had successfully delivered on each of the three strategic objectives. It was further reported that, following a review, the existing objectives had been updated and a revised set of five strategic objectives was presented for consideration and approval.

Resolved: That the updated strategic objectives for the Independent Investment Advisers to the Lancashire County Pension Fund, as set out in Appendix 'B' to the report presented, are approved.

21. Independent Investment Adviser to the Pension Fund- contract extension

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 Committee considered a report on the proposed extension of contract for one of the Independent Investment Advisers.

Resolved: That the contract extension to Ms M George for a further 12 months up to 28th February 2025 is approved as continuity in her role as Independent Investment Adviser is considered essential for the Pension Fund to ensure a continuing level of expertise and advice in respect of pensions investment matters.

22. Lancashire County Pension Fund Procurement Update - Contracts

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 procurement activity undertaken by the Fund to date in relation to actuarial services, and the strategy for the procurement of Custody Services for the Fund.

Resolved: That the Committee

1. Note the award of the contract for actuarial services as set out in the report presented.



2. Approve that the County Council's Procurement Service undertake a procurement exercise (via the National LGPS Framework) to appoint an independent provider to undertake custody services for the next 6 years and to approve the tender award criteria and evaluation methodology as set out in the report presented.

H MacAndrew
Director of Law and Governance

County Hall
Preston

