

Meeting of the Full Council - 28 February 2019

Report of the Pension Fund Committee meeting held on 30 November 2018

Chair: County Councillor Eddie Pope

Part I (Open to the press and public)

Progress on Delivering the Lancashire County Pension Fund Strategic Plan

The Committee considered a report on the progress of delivery of the specific objectives set out in the Lancashire County Pension Fund's 3 year Strategic Plan and the Committee noted that in the future some elements of the Plan would be linked to the Risk Register.

Decision taken:

1. That the progress made against the various objectives set out in the Lancashire County Pension Fund's 3 year Strategic Plan for the 6 months of the year, as set out in Appendix 'A' to the report presented, are noted.
2. That the Strategic Plan referred to in 1 above be referred to the Lancashire Local Pension Board for consideration with any comments to be reported to the meeting on 29th March 2019.

Lancashire County Pension Fund - Q2 Budget Monitoring

The Committee considered a report on the financial results for the Lancashire County Pension Fund for the period 1st April to 30th September 2018 which compared those results with the agreed budget for the same period.

Decision taken: That the variances between the actual and budgeted results for the period 1st April to 30th September 2018 and the forecast financial results for the year ending 31st March 2019, as set out in Appendix 'A' to the report presented, are noted.

Responsible Investment

The Committee considered a report on how the Fund was being supported in order to fulfil its commitment to long term responsible asset ownership in line with the approach set out in the agreed Investment Strategy Statement.

Decision taken:

1. That the new Annex on Climate Change to the Responsible Investment Policy for the Local Pension Partnership Investment Ltd, as set out in the report presented, is noted.
2. That the Responsible Investment Manager at the Local Pensions Partnership be requested to identify in future reports any companies that LAPFF was engaged with in which the Fund had investments.

Report of the Responsible Investment Working Group

The Committee considered a report on the recommendations of the Working Group regarding a revised Responsible Investment Policy, proposed actions for the future development/implementation of that Policy, responses to four issues referred by the Committee together with a proposal from the London Pension Fund Authority to establish a joint Working Group with the Lancashire County Pension Fund on responsible investment.

Decision taken:

1. That the draft Climate Change Policy presented to the meeting on the 23rd March 2018 be abandoned and the revised Responsible Investment Policy, as set out at Appendix 'A' to the report presented, approved.
2. That having considered the responses of the Working Group regarding the five action points to develop the Responsible Investment Policy, a new Action Plan (as set out at Appendix 'B' to the report presented) for the future development/implementation of the revised Responsible Investment Policy referred to at 1 above is approved.
3. That the responses of the Working Group regarding the four issues referred to it by the Pension Fund Committee on the 8th June 2018 and 14th September, 2018, as set out in the report presented, are noted.
4. That the Chair discuss the proposal to establish a joint Working Group on responsible investment on the basis set out in the report with the Chair of the London Pension Fund Authority and report back to the Committee at the meeting on the 29th March 2019.

Feedback from members of the Committee on pension related training, conferences and events

The Committee considered a report on member attendance at various internal/external pension related training events which had taken place since the last meeting and individual members of the Committee gave feedback on specific conferences/events.

Decision taken:

1. That the feedback given at the meeting from members of the Committee with regard to conferences/training events they had attended since the last meeting is noted.
2. That the Chair explore with LAPFF the possibility of encouraging companies to hold future pension related conferences in Preston.

Part II (Not open to the Press and Public)

Local Pensions Partnership 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).

The Committee considered a report from the Local Pensions Partnership presented a report which included an update on the performance of the administration service and recognised that action had been taken to address the backlog of cases referred to at the previous meeting. However, there was considerable concern that the backlog had still not been cleared and clarification on that point was requested. The Committee also noted the recommendations of the Administration Working Group (which the Local Pension Partnership had established to oversee the stabilisation of the administration service) and the strategic plan for the implementation of a revised operating model in the future.

Decision taken: That the progress to date with regard to the pension administration service be noted and the Committee kept informed of further developments, particularly with regard to the clearance of the backlog of cases, communication with members of the Fund and the recommendations of the Administration Working Group.

LCPF Performance Overview - September 2018

(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 Committee considered a detailed report on the performance of the Lancashire County Pension Fund which highlighted a number of key areas, including the economic/market background, the total Fund return as at 30th September 2018 and updates in relation to the performance of the equity, credit, real estate infrastructure and private equity portfolios.

Decision taken:

1. That the report and the updates on performance of the Fund presented at the meeting are noted.
2. That the Investment Panel be requested to discuss with the Local Pensions Partnership the proposed work plan to reach the target asset allocation in Real Estate.

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 Committee considered a detailed report on matters considered by the Investment Panel since the last meeting and received an update from one of the independent advisers on the investment and marketing context in which the Fund operated.

Decision taken: That the report is noted.

Future development of a Responsible Investment Dashboard

(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 Committee considered a report on an analysis of detailed information in relation to the Listed Equities Portfolio which had been referred to the Committee by the Responsible Investment Working Group for consideration in relation to future reporting.

Decision taken: That the level of analysis of the Listed Equities Portfolio, set out at Appendix 'A' to the report presented, is welcomed and similar reports regarding the Infrastructure, Private Equity and Credit portfolios should be presented to future meetings in order to broaden the coverage of information available to the Committee and inform the development of a Dashboard on responsible investment.

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 Committee considered a report on the current version of the Risk Register associated with the Fund which had been reviewed by county council officers in consultation with colleagues from the Local Pensions Partnership and by the Lancashire Local Pension Board at their meeting on the 16th October 2018.

Decision taken: That the contents of the updated Risk Register, together with the Lancashire County Pension Fund Risk Summary document, as set out respectively at Appendices 'A' and 'B' to the report presented are noted.