

Meeting of the Full Council - 16 July 2020

Report of the Pension Fund Committee held on 6 March 2020

Chair: County Councillor Eddie Pope

Lancashire County Pension Fund - External Audit Plan 2019/20

The Committee considered a report on the proposed nature and scope of work to be covered by the 2019/20 Audit Plan, noted the specific areas to be covered by the audit and discussed in detail the proposed auditor's fee and the associated additional fee in relation to the provision of IAS19 assurance to scheme employer auditors.

Decision taken: That the scope of the Audit Plan for 2019/20, as set out in the report, is noted and the Head of the Fund have further discussions with the Senior Manager from Grant Thornton in relation to the total fees associated with the 2019/20 audit and report back to the next meeting.

Lancashire County Pension - Q3 budget monitoring

The Committee considered a report on the financial performance of the Fund for the 9 months up to the 31st December, 2019, together with a comparison to the budget for the same period and an updated forecast for the year ending 31st March 2020.

Decision taken:

1. That the analysis of the variances between actual and budgeted results and the budgeted income/expenditure for the period up to 31st December 2019, as set out in the report presented, is noted.
2. That the forecast financial results for the year ending 31st March 2020, as set out in the report presented, is noted.

Lancashire County Pension Fund - Budget for year ending 31 March 2021

The Committee considered a report on the one year budget for the Lancashire County Pension Fund for the year ending 31st March 2021 which forecast that the net income available for investment (before accounting for changes in the market value of investments during the year) would be £219m. The Committee also discussed the performance of investments, the potential impact on markets of the Covid-19 virus and the increase in the market value of the Fund's assets and associated investment management fees.

Decision taken: That the Lancashire County Pension Fund budget for the year ending 31st March 2021, as set out in Appendix 'A' to the report presented, is noted.

Funding Strategy Statement

The Committee considered a report on the revised Funding Strategy Statement for the Lancashire County Pension Fund which incorporated the requirements set out in the Investment Strategy Statement and took account of comments received during the recent consultation period.

Decision Taken: That, subject to the amendment of the text under 'Actuarial Assumptions' to show that the real return over CPI inflation for determining future service contribution rates is 2.15%, the revised Funding Strategy Statement, as set out in the Appendix to the report presented, is approved.

Feedback from members of the Committee on pension related training

A report was presented on the attendance by members of the Committee at a workshop on the Local Pension Partnership budget on 7th February 2020.

Resolved: That the report is noted.

Responsible Investment Report

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

Decision Taken:

1. That the updates on responsible investment activity associated with supporting the Fund to fulfil its duty to act in the best long term interests of Fund beneficiaries are noted.
2. That the Fund does not become a signatory to the new UK Stewardship Code (2020) and instead recognise that the regulatory and stewardship requirements are met through the Local Pensions Partnership Investments being a signatory.

Approval of 2020/21 Work Plan for the Lancashire Local Pension Board.

The Committee considered a report on the proposed 2020/21 work plan for the Pension Board and noted the key areas of interest would be communications and to hold the Local Pensions Partnership to account.

Decision Taken: That the 2020/21 Work Plan for the Lancashire Local Pension Board, as set out in Appendix 'A' to the report presented, is approved.

Local Pensions Partnership Strategic Plan 2020-25 and Annual Budget

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 Local Pension Partnership Strategic Plan and 2020/21 Budget, which had been developed in consultation with stakeholders and noted that the Strategic Plan included the following goals for the Partnership.

- To achieve a self sustaining financial position
- That returns meet client objectives
- Provide a high quality cost effective pension administration service
- Reflect local and international excellence
- Be an exciting, forward thinking and collaborative place to work.

With regard to responsible investment it was noted that the Investment Panel was in the process of reviewing existing asset allocations and had requested an audit of Environmental, Social and Governance elements across the whole portfolio and would report back to the next meeting. The Committee also discussed details in the budget, including the pension administration service and staff costs.

Decision Taken:

1. That the 2020/25 Strategic Plan for the Local Pensions Partnership, as set out in Appendix 'B' to the report presented, is approved.
2. That the 2020/21 budget for the Local Pensions Partnership, as set out in Appendix 'D' to the report presented, is approved.

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 on the performance of the Local Pensions Partnership up to 31st December 2019 which included reference to the pension administration service and contact centre together with a financial summary for the Group up to 30th September 2019.

Decision Taken: That the updates on activity and performance by the Local Pensions Partnership, as set out in the report presented, are noted.

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 report on the performance of global markets and economies and various factors which influenced the investment market in which the Lancashire County Pension Fund operated. With regard to the current Covid-19 pandemic it was noted that whilst some private businesses had been impacted the Fund continued to outperform benchmarks and maintained a robust position.

Decision Taken: That the report is noted.

Lancashire County Pension Fund Performance Overview

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 performance of the Fund up to December 2019 and noted a number of key areas, including the total portfolio return over different periods, the performance of individual asset classes and the current funding level. The Committee also noted that performance of the Fund's investments continued to outperform both the internal and actuarial benchmarks.

Decision Taken: That the performance of the Fund, as set out in the report presented, is noted.

County Councillor E Pope
Chair