

Lancashire County Council

Pension Fund Committee

Minutes of the Meeting held on Friday, 17th September, 2021 at 10.30 am in the Council Chamber, County Hall, Preston.

Present:

County Councillor E Pope (Chair)

County Councillors

M Brown	M Goulthorp
J Burrows	M Pattison
M Clifford	A Schofield
F De Molfetta	S Smith
G Dowding	D Westley
R Woollam	

Co-opted members

Councillor D Borrow, Borough and City Councils
Councillor M Hindley, Borough and City 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 L Sales, Director of Corporate Services, Lancashire County Council.
Ms A Devitt, LCPF Independent Investment Adviser.
Mr E Lambert, LCPF Independent Investment Adviser
Mr M Neville, Senior Democratic Services Officer, Lancashire County Council.
Mr C Rule, Chief Executive, Local Pensions Partnership.
Mr G Smith, Director of Strategy, Local Pensions Partnership.
Ms J Darbyshire, Director of Administration, Local Pensions Partnership.

Dialling into the meeting via Zoom:

Mr W Bourne, Chair of the Lancashire Local Pension Board.

1. Welcome and Apologies

Apologies for absence were received from Co-opted members Councillor M Smith and Councillor R Whittle.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

No disclosures of Pecuniary/Non-Pecuniary interest were made at this point in the meeting.

3. Minutes of the Meeting held on 18th June 2021

The Chair referred to the external audit report presented at the previous meeting and informed the Committee that a letter had been received from the Engagement Lead - Public Sector Assurance at Grant Thornton, providing further clarification on the reasoning behind the fee increases proposed in the audit plan, a copy of which would be made available to members of the Committee outside of the meeting.

Resolved:

1. That the Minutes of the meeting held on the 18th June 2021 are confirmed as an accurate record and signed by the Chair.
2. That the letter received from Grant Thornton providing further clarification on the reasons for fee increases as proposed in the audit plan presented on the 18th June 2021, be made available to members of the Committee via the online pension library of reference material.

4. Lancashire County Pension Fund - Debt Management Policy

The Committee considered a report on the proposed Debt Management Policy for the Fund, which had been developed in conjunction with the County Council's Debt Recovery Team, the Pension Fund Finance Team and Local Pensions Partnership Administration Limited.

Resolved: That the Debt Management Policy, as set out at Appendix 'A' to the report presented, is approved.

5. Lancashire County Pension Fund - 2021/22 Budget Monitoring Report

The Committee considered a report on the income and expenditure of the Fund for the 3-month period up to the 30th June 2021 which included a forecast for the financial year ending 31st March 2022. The Head of Fund reported that investment fees were based on assets under management and, as the Fund's investments had performed better than expected over the previous Quarter, fees had increased as a result.

Resolved: That the financial performance of the Fund for the 3 months up to the 30th June 2021, together with the budget and forecast variances, as set out in the report presented, are noted.

6. Lancashire County Pension Fund Annual Report 2020/21

The Committee considered a report on the draft Lancashire County Pension Fund Annual Report for the year ended 31 March 2021 which included the statement of accounts (within the Lancashire County Council Statement of Accounts) as approved by the Audit, Risk and Governance Committee in July 2021 and the Annual Report of the Local Pension Board, approved at the last Committee. During the discussion it was suggested that the Fund should be more

proactive in relation to promoting performance and the Chair proposed that a summary document, highlighting activity/performance be produced for circulation to scheme members and employers.

Resolved:

1. That subject to any minor amendments and audit/asset pool adjustments agreed by the Head of Fund, the Annual Report set out at Appendix 'A' is approved for publication on or before the 1st December 2021.
2. That a summary document highlighting key areas of activity and performance be produced for circulation to scheme members and employers once the Annual Report is published.

7. Responsible Investment Report

The Committee considered a detailed update report from Local Pensions Partnership Investments Limited regarding responsible investment activity during the second quarter of 2021 (April to June). The Chair also reported that the Task and Finish Group review of the Responsible Investment policy was underway and that recommendations would be presented to the Committee in November 2021.

Resolved: That the report is noted.

8. Feedback from members of the Committee on pension related training.

The Chair presented a report on two training events which had taken place since the last meeting and encouraged all members of the Committee to make use of internal/external training opportunities to broaden their knowledge regarding pensions. Councillor Borrow referred to the challenges of participating in online conferences/workshops during the pandemic and welcomed the gradual return to face to face meetings.

Resolved: That the report and feedback from individual members given at the meeting is noted.

9. Urgent Business

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

10. Date of Next Meeting

It was reported that the next scheduled meeting would be held on the 26th November 2021 in Committee Room 'C' – the Duke of Lancaster Room at County Hall, Preston starting at 10.30am, preceded by a briefing at 10.00am on the impact of the pandemic on investments.

11. 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.

12. 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.

Representatives from LPP presented a report on activity by the Local Pensions Partnership Group which included updates on strategy, finance, service performance by the pension administration service and in relation to the East Cliff development in Preston.

Resolved: That the updates on the activity and financial position of the Local Pensions Partnership Group, as set out in the report presented, are noted.

13. 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.

Mr Lambert, Independent Investment Adviser to the Fund, presented a report on the performance of the Lancashire County Pension Fund which included details of the total portfolio return over different periods, the performance of individual asset allocations against benchmarks and the current funding level.

He explained how the Local Government Pension Scheme differed from other pension schemes, discussed cashflow and investment management fees and also reminded the Committee that the purpose of the Fund was to pay benefits when due, achieve and maintain full funding, establish stable and sustainable contributions from employers and be aware of opportunities for responsible investment.

Resolved: That the summary of the Fund's performance up to the 31st March 2020, as set out in Appendix 'A' to the report presented is noted.

14. 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.

Ms Devitt, Independent Investment Adviser to the fund, presented a report on the macro-economic factors which influenced the investment market in which the Lancashire County Pension Fund operated. In considering the report the Committee noted that as the economy faced a series of challenges as it emerged from the pandemic which would impact on inflation, investments, labour, and supply chains.

Resolved:

1. That the report from the Investment Panel is noted.
2. That future reporting to Committee on macro-economic factors include a section on the impact of Brexit on the UK economy.

15. Independent Investment Adviser to the Pension Fund – New Contract

Exempt information as defined in paragraphs 1 and 2 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 a proposal to award one of the Independent Investment Advisers a new 3-year contract, as continuity in the role was considered essential for the Pension Fund in order to ensure a continuing level of expertise and advice in respect of pensions investment matters.

Resolved: That approval is given for the awarding of a new contract to the Fund's Independent Investment Adviser specified in the report for a further three years to the 28th February 2025, subject to the Cabinet agreeing a waiver of the County Council's procurement rules.

L Sales
Director of Corporate Services

County Hall
Preston