

Meeting of the Pension Fund Committee (10 March 2023)

Chair: County Councillor E Pope

Part I (Open to Press and Public)

Budget Monitoring Q3 - 2022/23

A report was presented on the income and expenditure of the Fund for the 9 months up to 31st December 2022, together with a forecast for the year ending 31st March 2023.

Resolved: That the financial results for the 9 months up to 31st December 2022 together with the budget and forecast variances, as set out in the report presented, are noted.

Lancashire County Pension Fund 2023/24 Budget

The Head of Fund presented a report on a one-year budget for the Fund for the year ending 31st March 2024 and highlighted contributions received and the budgeted increase in benefits payable. He also reported that the Investment Panel was reviewing the projected cashflow as part of the Investment Strategy Statement review and would report any recommendations to the Committee in June 2023.

Resolved: That the Lancashire County Pension Fund budget for the year ended 31st March 2024, as set out at Appendix 'A' to the report presented, is approved.

Lancashire County Pension Fund Strategic Plan 2023/24

The Head of Fund presented a report on the draft Strategic Plan for 2023/24 (together with a progress report on activity for 2022/23) and informed the Committee that the Pensions Team would be focussing attention on activity around, cyber security, McCloud, the General Code of Practice, and the Investment Strategy Statement.

Resolved: That the Lancashire County Pension Fund Strategic Plan for 2023/24 as set out at Appendix 'A' to the report presented, is approved and the update on activity, set out at Appendix 'B', is noted.

Breaches Policy Review

The Head of Fund reported that the Fund Breaches Policy had been reviewed, in consultation with the Lancashire Local Pension Board and the County Councils Information Governance Team, to simplify and improve presentation and clarify the roles and responsibilities of key stakeholders when reporting breaches to the Fund.

Resolved: That the revised Breaches Policy for the Lancashire County Pension Fund, as set out at Appendix 'B' to the report presented, is approved.

Feedback from members of the Committee on pension related training

The Chair presented a report on pension related training involving members of the Committee since the last meeting and reported that the Local Pensions Partnership Investment Conference on the 1st/2nd March 2023 (which he, County Councillor R Woollam and Co-opted member Mr P Crewe attended) had been excellent.

Resolved: That the report and update on the participation by Committee members at conferences/events held since the last meeting is noted and the Training Record updated accordingly.

Training Plan 2023/24

The Committee considered a report on the draft 2023/24 Training Plan which set out various training opportunities available during the year for members of both the Committee and the Lancashire Local Pension Board. It was noted that the Plan incorporated elements identified in a training needs analysis of Committee/Board members and The Head of Fund confirmed that that the questionnaire used for future needs analysis would be reviewed and simplified.

Resolved: That the 2023/24 Training Plan, as set out at Appendix 'A' to the report presented, is approved.

Lancashire Local Pension Board Workplan 2023/24

The Chair presented a report on the 2023/24 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 2023/24 Lancashire County Pension Fund Strategic Plan.

Resolved: That the 2023/24 Work Plan for the Lancashire Local Pension Board, as set out in Appendix 'A' to the report presented, is noted.

Responsible Investment Report

The Head of Fund presented a detailed update report from Local Pensions Partnership Investments Limited on various responsible investment matters during the fourth quarter of 2022 (October to December).



Resolved: That the update on responsible investment activity during Q4 of 2022, as set out in the report presented, is noted.

Part II (Not Open to Press and Public)

Funding Strategy Statement

The Committee considered a report on the Funding Strategy Statement (which included the Admission and Termination Policy, Employer Risk Policy, and the Inter-valuation Contribution Review Policy) which had been reviewed and updated following the 2022 actuarial valuation and statutory consultation. It was noted that the Investment Strategy Statement was also being updated and would be presented to the Committee in June 2023.

Resolved:

1. That the revised Funding Strategy Statement and associated policies, as set out in Appendices 'A', 'B', and 'C' to the report presented, are approved.
2. That the overview of changes made to the policy documents referred to at 1 above and set out at Appendix 'D' to the report presented are noted; and
3. That the report detailing Funding Strategy Statement consultation and broader engagement with the employers participating in the Lancashire County Pension Fund, set out at Appendix 'E' to the report presented is noted.

Local Pensions Partnership Annual Budget 2023/24

Ms Stark, the Chair of the Local Pensions Partnership Board, gave a brief presentation on her background and experience. Mr Rule, the Chief Executive, then presented the Local Pensions Partnership Limited Group budget for 2023/24 together with the business plans for Local Pensions Partnerships Investments Ltd and Local Pensions Partnership Administration Ltd and answered questions from Committee members.

Resolved:

1. That the Local Pensions Partnership Limited Group budget for 2023/24, as set out in Appendix 'A' to the report presented, is approved; and
2. That the business plans of Local Pensions Partnership Investments Limited and Local Pensions Partnership Administration Limited as set out at Appendices 'B' and 'C' to the report presented are noted.

Local Pensions Partnership Administration Update

Ms J Darbyshire, the Managing Director at Local Pensions Partnership Administration Ltd, presented a detailed report on the performance of the pension administration service between October and December 2022. It was noted that as anticipated there had been an initial dip in performance following implementation of the new UPM



system, though improvements were expected to be reflected in figures for the next Quarter. Ms J Darbyshire confirmed that LPPA and the Pensions Team continued to work together post implementation and in relation to preparatory work associated with McCloud and the government Dashboard

Resolved: That the performance of the pension administration service during the period October – December 2022, as set out in the report presented, is noted.

Investment Context Report

An updated version of the Investment Context report was circulated at the meeting. Ms Devitt, Independent Investment Adviser to the Fund, then took the Committee through the updated report on the performance of global markets, economies and the different various factors which influenced the investment markets in which the Fund operated and answered questions from Committee members.

Resolved: That the report is noted.

Investment Performance Report

Ms George, Independent Investment Adviser to the Fund, presented a report on the performance of the Fund up to 31st December 2022, highlighting the performance of specific asset classes, that the total Fund performance over 3 and 5 years exceeded both the Policy Portfolio and Actuarial benchmarks, and that inflation had impacted on the funding level. A document showing separate graphs regarding the evolution of liabilities/assets and the funding level was circulated at the meeting for information. Ms George also reported that the Investment Panel was in the process of reviewing the Strategic Asset Allocation, as part of the Investment Strategy Statement review, and would bring any recommendations to the Committee in June 2023.

Resolved: That the performance of the Fund for the quarter to the end of December 2022, as set out in the report presented and the additional papers circulated at the meeting, is noted.

Investment Panel Report

The Head of Fund presented a report on the various matters discussed at the Investment Panel on 24th November 2022, as set out in the Minutes of that meeting.

Resolved: That the Minutes of the Investment Panel held on 24th November 2022 are noted

Lancashire County Pension Fund Actuarial Services - Procurement Exercise

The Committee considered a report on the proposed timeline and criteria for the procurement of actuarial services for the Fund as the current contract was due to expire on 13th October 2023.

Resolved: That approval is given for the County Council's Procurement Service to undertake a procurement exercise (via the National LGPS Framework) to appoint an



independent provider to undertake actuarial services for the Lancashire County Pension Fund for the next 6 years, on the basis set out in the report presented.

Local Pensions Partnership Update

An update report from the Local Pensions Partnership Limited (LPP) was presented which covered the following points:

- Shareholder and LPPL governance developments.
- Financial Performance across the LPP Group up to 31st December 2022.
- An update on the pensions administration service and Project PACE.
- An update on investment Management.

Further to the comments made earlier in the meeting members of the Committee discussed the capital restructure of LPP (as reported to Committee on 7th February 2020), and outcomes of the governance review (as reported to Committee on 16th September 2022 and 25th November 2022) and at two internal briefings. The Chair and Director of Corporate Services answered questions on the capital restructure of LPP, the role of shareholders, the role of the County Council, and the composition of the new LPP Board. The Chair acknowledged that whilst the appointment of a new Non-Executive Director had been reported at the briefing for Committee members on 24th February 2023 it had not been included in a report to the Committee.

Resolved:

1. That the update report from the Local Pensions Partnership Limited is noted
2. That the comments of Committee members regarding the ongoing Local Pensions Partnership Governance review are noted, and that the Committee be kept informed of developments.

