

## Meeting of the Pension Fund Committee (16 June 2023)

**Chair:** County Councillor Eddie Pope

### Part I (Open to Press and Public)

#### Constitution, Membership and Terms of Reference of the Pension Fund Committee

The Committee considered a report on the constitution and membership and Terms of Reference of the Committee which included reference to some nominating bodies not yet having confirmed their appointments for Co-opted members.

#### Resolved:

1. That the constitution and membership of the Pension Fund Committee, as set out below, is noted.

#### County Councillors (12)

Conservative	Labour
J Burrows	M Brown
C Edwards	M Clifford
G Mirfin	J Fillis
E Pope (Chair)	J Mein
M Salter	F De Molfetta
A Schofield (Deputy Chair)	
R Woollam	

#### Co-opted members (7)

- a) Nominations confirmed.

Ms J Eastham - Further Education and Higher Education Institutions.

Mr P Crewe - Trade Unions.

Ms S Roylance - Trade Unions.

Councillor M Smith - Blackpool Borough Council.

- b) Nominations to be confirmed.

Councillor E Whittingham - Blackburn with Darwen Borough Council  
Councillor D Borrow - Borough & City Councils.  
Councillor M Dad - Borough & City Councils.

2. That the Terms of Reference set out at Appendix 'A' to the report presented are noted and a copy placed in the Minute Book.

### **Budget Monitoring for the period ending 31st March 2023.**

The Head of Fund presented a report on the financial performance of the Fund for the year ended 31<sup>st</sup> March 2023 and answered questions from members of the Committee on the key variances set out in the report.

**Resolved:** That the financial performance of the Lancashire County Pension Fund for the year ended 31<sup>st</sup> March 2023, as set out in the report presented, is noted.

### **Internal Audit Report 2023**

The Head of Service for Internal Audit presented a report which summarised the internal audit assurance work which had been completed during 2022/23 together with planned activity for 2023/24.

**Resolved:** That the audit report is noted.

### **Local Pension Board Annual Report - 2022/23**

The Committee considered a report on the 2022/23 Annual Report which had been agreed by the Board on 4<sup>th</sup> April 2023 and recommended to the Committee for approval. The Chair acknowledged that the Chair of the Board would reach the end of this term of appointment in October 2023 and on behalf of the Committee thanked him for all his contributions to the work of the Pension Board over the years.

**Resolved:** That the 2022/23 Annual Report of the Pension Board, as set out at Appendix 'A' to the report presented, is approved for inclusion in the draft Lancashire County Pension Fund Annual Report to be presented to Committee on 15<sup>th</sup> September 2023.

### **Investment Strategy Statement**

The Committee considered a detailed report on the outcome of a review of the Strategic Asset Allocation together with an updated version of the Investment Strategy Statement and the Risk Appetite Statement which had been developed in consultation with the Investment Panel and Local Pensions Partnership Investments Ltd.

**Resolved:** That the Committee approve:

1. The recommendations of the Investment Panel, as set out in Appendix 'B' to the report presented.



2. The updated Investment Strategy Statement, as set out at Appendix 'D' to the report presented; and
3. The updated Risk Appetite Statement, as set out at Appendix 'E' to the report.

### **LCPF Treasury Management Policy**

The Committee considered a report on the outcomes of a review of the Lancashire County Pension Fund Treasury Management Policy undertaken by the Investment Panel which had resulted in several substantial amendments, as set out in the report, and some minor changes to simplify/improve presentation.

**Resolved:** That the updated Treasury Management policy for the Lancashire County Pension Fund, as set out at Appendix 'B' to the report presented, is approved.

### **2021/22 Training Record and feedback from members of the Committee on pension related training.**

The Committee considered a report on the 2022/23 Training Record which reflected the participation of individual members of the Committee in external/internal training events over the last 12 months and would inform reporting on training to be included in the Lancashire County Pension Fund Annual Report.

**Resolved:** That the participation of individual members of the Committee at the training events referred to in the report, together with the contents of the Training Record for 2022/23, as set out in Appendix 'A' to the report presented, are noted.

### **Responsible Investment Report**

The Committee considered a detailed report on responsible investment matters covering Q1 of 2023 (January to March) and discussed the level of influence which investors such as the Fund could exercise through collective engagement and shareholder voting amongst local government pension funds, as coordinated by the Local Authority Pension Fund Forum.

**Resolved:** That the update on responsible investment matters during Q1, as set out in the report presented, is noted.

## **Part II (Not Open to Press and Public)**

### **Annual Administration 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 the performance of the pension administration service against standard/targets during 2022/23 together with an updated administration report, circulated as part of a supplementary agenda, which showed an improved performance over April/May 2023. In considering the report the Committee discussed complaints, data quality, and the mitigations introduced in response to the findings of an internal audit on operational quality referred to in an earlier report on the agenda.

**Resolved:** That the performance of the pension administration service against standards and targets during 2022/23, as set out in the report and Appendices 'A' to 'C' is noted.

### **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 an update report on activity by the Local Pensions Partnership (LPP) and its subsidiaries up to 31<sup>st</sup> March 2023 and representatives from LPP answered questions.

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

### **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.

The Committee considered a report on the various macro-economic factors, such as inflation and interest rates, which influence investment markets and was reassured that despite recent economic volatility in the UK the investment portfolio of the Fund was resilient, and the Investment Panel would continue to monitor its performance.

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

### **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.

The Committee considered a report on the performance of the Lancashire County Pension Fund during Q1 which included the total portfolio return over different periods,



amendments to asset allocations, net income progression and the total funding level. The Committee was also informed that the Investment Panel had decided to review discount rate assumptions for ongoing reporting purposes in 6 months.

**Resolved:** That the summary of the Fund's performance up to 31<sup>st</sup> March 2023, as set out in Appendix 'A' to the report presented, is 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 various matters discussed at meetings of the Investment Panel held on 9<sup>th</sup> March and 3<sup>rd</sup> April 2023.

**Resolved:** That the Minutes of the Investment Panel held on 10<sup>th</sup> March 2022 and 3<sup>rd</sup> April 2023 are noted.

### **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 an update report on the Risk Register together with specific templates regarding risks associated with data quality and the implementation of new pension systems.

**Resolved:** That the current risk summary document and risk register for the Lancashire County Pension Fund, as set out in the Appendices to the report presented, are noted.

### **Local Pensions Partnership Governance Review**

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 an update report on key developments in the ongoing Local Pensions Partnership Governance Review which would be the subject of a presentation for members of the Committee on 20<sup>th</sup> July 2023.

**Resolved:** That the update on the Local Pensions Partnership Governance Review, as set out in the report presented, is noted.



## **Appointment of Local Pension Board Chair and Scheme Member representative.**

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 outcome of a recruitment process for a new Scheme Member representative, and a new independent Chair of the Pension Board to fill the vacancy when the current Chair's term of appointment ended in October 2023. Regarding the new Chair the Head of Fund confirmed that mitigations would be in place to ensure that any perceived conflict of interest was adequately managed.

**Resolved:** That full Council be recommended to approve:

1. The appointment of Antony Egerton as a Scheme Member representative on the Lancashire Local Pension Board with effect from 1<sup>st</sup> July 2023, for an initial 2 years with an option to extend for a further 4 years, subject to approval by full Council.
2. The appointment of Fiona Miller as the new independent Chair of the Lancashire Local Pension Board with effect from 1st November 2023 for an initial 2 years with an option for the appointment to be extended for an additional 2 years, subject to approval by full Council.
3. The draft contract of appointment for the new independent Chair, as set out at Appendix 'A' to the report presented.
4. The amended Terms of Reference for the Lancashire Local Pension Board, as set out at Appendix 'B' to the report presented.

