

Meeting of the Pension Fund Committee 15th September 2023

Chair: County Councillor Eddie Pope

Part I (Open to Press and Public)

Minutes of the last meeting.

The Committee was informed that since the last meeting confirmation had been received that Councillor M Jackson had replaced Councillor E Whittingham as the Co-opted member representing Blackburn with Darwen Council. Councillor D Borrow and Councillor M Dad had also been confirmed as continuing as the Co-opted members representing City and Borough Councils.

Resolved: That the updates regarding Co-opted members are noted and the Minutes of the meeting held on 16th June 2023 confirmed as an accurate record and signed by the Chair.

Budget Monitoring 2023/24 – Q1

The Committee considered a report on the financial performance of the Fund for the three-month period to 30th June 2023 together with a forecast for the year ending 31st March 2024.

Resolved: That the financial results of the Lancashire County Pension Fund for the 3 months to 30th June 2023, together the forecast variances, as set out in the report presented, is noted.

External Audit 22/23

The Committee considered a report on the external audit plan for 2022/23 and was informed that the proposed increase in fees reflected additional work associated with new audit standards, and the requirement to test the newly implemented pension administration/financial systems to check the transfer of data into the new systems.

Resolved:

1. That the 2022/23 external audit plan for the Lancashire County Pension Fund, as set out in the Appendix to the report presented, is noted.

2. That the Head of Fund circulate further information on the additional areas of work to be included in the audit and the associated increase in fees to members of the Committee outside of the meeting.

LCPF Breaches and Complaints 2022-23

The Committee received a report which summarised the Lancashire County Pension Fund Breaches for the period 1st April 2022 to 31st March 2023 and was informed that the figures were in line with expectations and those of other Funds.

Resolved: That the report on Lancashire County Pension Fund Breaches for the period 1st April 2022 to 31st March 2023 is noted.

Lancashire County Pension Fund Annual Report 2022/23

The Committee considered a draft copy of the Lancashire County Pension Fund Annual Report for the year ended 31st March 2023 which included the statement of accounts for the Fund (within the Lancashire County Council Statement of Accounts) and the Annual Report of the Lancashire Local Pension Board.

Resolved:

1. That the minor amendments highlighted in yellow to the Governance Compliance Statement in Section 'C' of Appendix 'A' to the report presented are approved.
2. That, subject to any minor changes, the inclusion of an updated audit opinion and small accounting updates to be agreed by the Head of Fund, the draft Lancashire County Pension Fund Annual Report 2022/23 set out at Appendix 'A' to the report presented is approved for publication on or before 1st December 2023.

Pension related training for Committee members

The Committee considered a report on pension related training involving members of the Committee which had taken place since the last meeting.

Resolved: That the report is noted.

Responsible Investment Report

The Committee considered a report on responsible investment matters covering Q2 (April to June 2023) and noted there would be an internal Responsible Investment workshop including content on the Taskforce on Climate related Financial Disclosures at 1.00pm on 3rd October 2023 in The Exchange at County Hall, Preston.

Resolved: That the update on responsible investment matters during Q2, as set out in the report presented, is noted.



Investment Panel - Updated Terms of Reference

The Committee was informed that following a review the Investment Panel had agreed some minor amendments to the wording of its Terms of Reference which had subsequently been approved by Full Council on 13th July 2023 and included in the Constitution of the County Council.

Resolved: That the Committee note the revised Terms of Reference for the Investment Panel set out at Appendix 'A' to the report presented.

Date of Next Meeting

It was reported that with the agreement of the Chair arrangements had been made for an additional meeting of the Committee to be held at 2.00pm on Thursday 16th November 2023 in The Savoy Suite, The Exchange, County Hall, Preston.

The Committee noted that the subsequent scheduled meeting would be held on Friday 1st December 2023 in Committee Room 'A' – The Tudor Room at County Hall, Preston, starting at 10.30am.

Part II (Not Open to Press and Public)

Local Pensions Partnership Administration 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 detailed report on the performance of the pension administration service against standard/targets during the 3 months to 30th June 2023 together with a performance update for July/August 2023. Concern was expressed about the continued service disruption experienced by some scheme members/employers following the implementation of a new pension administration service at LPP. Feedback was also provided on complaints handling, helpline surveys and employer engagement.

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

Appointment of a new Employer representative on the Lancashire Local Pension Board

Exempt information as defined in Paragraphs 1 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 received a report on the proposed appointment of a new employer representative for the Unitary, City and Borough Councils and Police/Fire bodies on the Lancashire Local Pension Board.

Resolved: That the appointment of a new employer representative for the Unitary, City and Borough Councils and Police/Fire bodies on the Lancashire Local Pension Board, as set out in the report presented, is noted, and recommended to Full Council for approval.

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 and its subsidiaries up to 30th June 2023 including a position statement in response to the Department for Levelling Up, Housing and Communities consultation on LGPS investment pooling.

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 macro-economic factors which influenced investment markets including inflation, interest rates and credit ratings.

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 Fund in Q2 which included the performance of individual asset allocations against benchmarks, information on cashflow, and the current funding level.



Resolved:

1. That the summary of the Fund's performance in Q2 (April to June 2023) as set out in Appendix 'A' to the report presented, is noted.
2. That a report on investment by the Fund into the Preston, South Ribble and Lancashire City Deal be presented to a future meeting.

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.

Resolved: That the Minutes of the Investment Panel on 15th June 2023 are noted.

LGPS Investment Pooling Consultation

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 draft response by the Fund to the various themes in the consultation and noted that the Fund was significantly more advanced in terms of the pooling of investments than other LGPS Funds and had achieved good fee savings as a result. It was noted that the draft response had been discussed with the Leader and leader of the opposition and that a final response would be submitted before the end of the consultation on 2nd October 2023

Resolved: That, subject to any minor amendments, the draft response to the DLUCH consultation on Local Government Pension Service investment pooling, as set out at Appendix 'B' to the report presented, is approved for submission before the end of the consultation period on 2nd October 2023.

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 the Governance Review and noted that as part of the project the Articles of Association for the Local Pensions Partnership Ltd had been reviewed to reflect changes to the funding arrangement and the composition of the LPP Board.



Resolved:

1. That the revised Articles of Association for the Local Pensions Partnership Ltd, as set out at Appendix 'A' to the report presented, are approved.
2. That the next steps in updating the Shareholder Agreement, as set out in the report presented, are approved.

