

Lancashire County Council

Pension Fund Committee

**Minutes of the Meeting held on Friday, 15th September, 2023 at 10.30 am in
Committee Room 'C' - The Duke of Lancaster Room, County Hall, Preston**

Present:

County Councillor Eddie Pope (Chair)

County Councillors

M Brown	J Fillis
J Burrows	N Hennessy*
M Clifford	G Mirfin
F De Molfetta	M Salter
C Edwards	A Schofield
R Woollam	

*Replaced County Councillor J Mein for this meeting only.

Co-opted members

Councillor M Jackson, Blackburn with Darwen Borough Council
Councillor D Borrow, City and Borough Councils
Councillor M Dad BEM JP, City and Borough Councils
Ms J Eastham, Further Education/Higher Education Institutions
Mr P Crewe, Trade Unions
Ms S Roylance, Trade Unions

In attendance:

Mr S Greene, Head of Pension Fund, Lancashire County Council.
Mr R Cathey, Principal Lawyer, Lancashire County Council.
Ms A Devitt, Independent Investment Adviser.
Ms M George, Independent Investment Adviser.
Mr S Basnett, Senior Manager, Grant Thornton.
Mr M Neville, Senior Democratic Services Officer, Lancashire County Council.
Mr C Rule, Chief Executive, Local Pensions Partnership.
Ms J Darbyshire, Managing Director, Local Pensions Partnership Administration.
Mr J Peach, Head of Client Management, Local Pensions Partnership Investment.

1. Welcome and Apologies

The Chair welcomed Mr M Wynn, Executive Director of Resources (who was attending the meeting as an observer) and Mr W Bourne, who was due to retire as Chair of the Lancashire Local Pension Board in October 2023. On behalf of the



Committee the Chair thanked Mr Bourne for his contributions over many years to the work of both the Pension Board and the Committee.

Apologies for absence were received from Co-opted member Councillor M Smith.

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 last meeting.

Mr Neville informed the Committee 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. He also confirmed that Councillor D Borrow and Councillor M Dad would continue 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.

4. Budget Monitoring 2023/24 – Q1

The Head of Fund presented 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.

5. External Audit 22/23

Mr S Basnett, Senior Manager from Grant Thornton, presented a report on the external audit plan for 2022/23. In considering the report the Committee noted the proposed audit fees and Mr Basnett explained that the increase reflected additional work associated with new audit standards and the requirement to test newly implemented pension administration and 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.



6. LCPF Breaches and Complaints 2022-23

The Head of Fund presented a report which summarised the Lancashire County Pension Fund Breaches for the period 1st April 2022 to 31st March 2023 and confirmed 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.

7. LCPF 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.

The Head of Fund informed the Committee that the external audit opinion would be provided and updated after the publication date and the statement of accounts would be considered by the Audit Risk and Governance Committee on 16th October 2023. It was also noted that the Pension Board would review the draft Annual Report at the meeting on 17th October 2023, and that a summary document of the Annual Report would be produced ahead of the publication date of 1st December 2023.

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.

8. Pension related training for Committee members

A report was presented on pension related training involving members of the Committee which had taken place since the last meeting. Mr Crewe reported that the PLSA Local Authority Conference in June 2023 had been informative, and he recommended that members of the Committee attend similar events in the future.

Resolved: That the report is noted.

9. Responsible Investment Report

The Head of Fund presented a detailed report on responsible investment matters covering Q2 (April to June 2023) and reminded the Committee that 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.

10. Investment Panel - Updated Terms of Reference

The Head of Fund informed the Committee 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.

11. Urgent Business

No items of business were raised under this heading.

12. 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.

13. 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 paragraphs 1 and 3 of Part 1 of Schedule 12A to the Local Government Act, 1972. It is considered that in all the circumstances the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

14. 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.

Ms J Darbyshire, Managing Director at Local Pensions Partnership Administration Ltd (LPP), presented 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.

In considering the report Members of the Committee expressed concerns about the continued service disruption experienced by some scheme members/employers following the implementation of a new pension administration service at LPP. In addition, feedback was provided on complaints handling, helpline surveys and employer engagement. Existing performance measures were also discussed, and it was reported that the Pension Board would review such measures before reporting back to the Committee.

It was noted that collaboration between LPPA, the Pensions Team and the County Council had enabled most Benefit Statements to be issued on time.

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.

15. 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.

A report was presented 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.

16. 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 30th June 2023 including a position statement by LPPI 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.

17. 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.

Ms Devitt, Independent Investment Adviser to the Fund, presented her report on the macro-economic factors which influence 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.

18. 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.

Ms George, Independent Investment Adviser to the Fund, presented 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. Regarding the total portfolio return over different periods Ms George reported that the expected return over 3 to 5 years remained strong and above benchmarks.

In response to a query regarding investment by the Fund into the Preston, South Ribble and Lancashire City Deal the Chair reported that a report would be presented to a future meeting.

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.

Representatives from the Local Pensions Partnership left the meeting at this point.

19. 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 Head of Fund presented a report on the matters discussed at the Investment Panel held on 15th June 2023.

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

20. 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 Department for Levelling Up, Housing and Communities consultation on Local Government Pension Service investment pooling.

A summary of the Lancashire County Pension Fund position in relation to the various themes in the consultation was presented and it was reported 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.

21. 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 Head of Fund presented an update on the Governance Review and informed the Committee 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.

It was further reported that an updated Shareholder Agreement would be presented to the Committee at a meeting arranged for 16th November 2023 with the final version expected to be presented to Full Council on 14th December 2023 for approval.



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.

H MacAndrew
Director of Law and Governance

County Hall
Preston

