

Meeting of the Pension Fund Committee 1st December 2023

Chair: County Councillor Eddie Pope

Part I (Open to Press and Public)

Minutes of the meeting held on 15th September 2023

Resolved: That the Minutes of the meeting held on 15th September 2023 are confirmed as an accurate record and signed by the Chair.

Budget Monitoring 2023/24 – Q2

Resolved: That the financial results of the Fund for the 6 months up to 30th September 2023 together with the budget and forecast variances set out in the report presented are noted.

Local Pensions Partnership Annual Report and Accounts

The Committee considered the Local Pensions Partnership Annual Report and Accounts for the year ended 31st March 2023 which included a strategic report and financial statements of the Company. In response to a query regarding staffing the Chief Executive of the Local Pensions Partnership (LPP) confirmed that the LPP Budget, to be presented to Committee in March 2024, would include provision for additional staff.

Resolved: That the Annual Report and Accounts for the Local Pensions Partnership Limited for the year ended 31st March 2023, as set out at Appendix 'A' to the report presented, is noted.

Lancashire County Pension Fund Strategic Plan 2023/24 - Progress Update

The Committee considered the report and noted that work relating to the Local Pensions Partnership Governance review had taken longer than expected and an additional meeting of the Committee had been proposed for 9th February 2024 to consider a revised Shareholder Agreement. Work on the Fund Resource Review had also been impacted and a report on the outcome of the review, including provision of additional resources within the Pensions Team, was expected to be presented to Committee in March 2024. In addition, it was noted that a report on overpayments would be provided.



Resolved: That the progress to date on the Funds Strategic Plan for 2023/24 is noted.

Pension related training for members of the Committee

The Committee considered a report on the pension related training for members of the Committee which had taken place since the previous meeting and noted that a training questionnaire would be issued to members of the Committee in December 2023.

Resolved: That the participation of individual members of the Committee at the training events referred to in the report is noted and documented in the Training Record.

Responsible Investment Report

The Committee received an update report on responsible investment activity during the third quarter of 2023 and was informed that the Head of Fund would be attending the Local Authority Pension Fund Forum Annual Conference.

Resolved: That the update on responsible investment activity by Local Pensions Partnership Investments Ltd during Q3, as set out in the report presented, is noted.

Date of Next Meeting

The Committee noted that the next scheduled meeting would be held at 10.30am on 8th March 2024 in Committee Room 'A' - The Tudor Room at County Hall, Preston and would be preceded by a 30-minute briefing for Committee members in the same room (topic to be confirmed).

2024/25 programme of meetings and an additional meeting in February 2024

The Committee received a report on the 2024/25 programme of meetings for the Pension Fund Committee, as agreed by Full Council in October 2023, and considered a proposal to hold an additional meeting in February 2024 regarding the Local Pensions Partnership Governance Review.

Resolved:

1. That an additional meeting of the Committee be held at 10.30am on 9th February 2024 in Committee Room 'C' - The Duke of Lancaster Room, at County Hall, Preston to consider the LPP Governance Review.
2. That the 2024/25 programme of meetings of the Committee, as approved by Full Council in October 2023, and set out in the report, is noted.



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 for the 3 months to 30th September 2023, together with a supplementary update report for October 2023. Members of the Committee discussed complaints, volume of retirement case work, retirement notifications process, AVCs and the performance of the helpdesk and the Head of Fund presented a report on administration metrics based on discussions with the Local Pension Board in October 2023.

Resolved: That the updates on the pension administration activity and performance, as set out in the report presented and given at the meeting, 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 a report on the full risk register for the Lancashire County Pension Fund and specific risks associated with the implementation of new systems, statutory provision of information and the McCloud remedy. Geopolitical risks and communication/engagement with Fund employers were also discussed.

Resolved: That the current Lancashire County Pension Fund Risk Register, as set out in Appendix 'B' to the report presented, is noted.

The Chair of the Lancashire Local Pension Board left the meeting at this point.

Local Pensions Partnership - Shareholder 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 report on activity by the Local Pensions Partnership Ltd since the last meeting, together with an update on the outcome of the Government consultation on investment pooling.

Resolved: That the updates set out in the report and given at the meeting 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.

Resolved: That the update on the various 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 detailed report on the performance of the Fund to the end of September 2023, including the portfolio performance over the longer term, current asset allocations/cashflow and the position of the Fund in relation to future investment pooling.

Resolved: That the performance of the Lancashire County Pension Fund up to the end of September 2023, as set out in the report presented, is noted.

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

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 held on 14th September 2023 are noted.

The Chief Executive from the Local Pensions Partnership Ltd re-joined the meeting for the next item only.

Local Pensions Partnership Investments Ltd - Defined Benefit Liabilities

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 a proposed solution for a potential issue for Local Pensions Partnership Investments Ltd regarding capital adequacy.

Resolved: That the Committee:

1. Note that existing employees of Local Pensions Partnership Investments Ltd who are active members of the Local Government Pension Scheme (LGPS) either via Lancashire County Pension Fund or London Pension Fund Authority (LPFA) will, in future, continue their membership of the LGPS via LPFA; and
2. Approve that from 1st April 2024 new employees of Local Pension Partnership Investments Ltd will cease to be offered membership of the LGPS and that an alternative Defined Contribution pension offer be provided instead.

Independent Investment Advisers - strategic objectives

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 noted that an assessment of compliance had found that the Independent Investment Advisers had successfully delivered on each of the three current strategic objectives and considered a revised set of five strategic objectives.

Resolved: That the updated strategic objectives for the Independent Investment Advisers to the Lancashire County Pension Fund, as set out in Appendix 'B' to the report presented, are approved.

Independent Investment Adviser to the Pension Fund- contract extension

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.

Resolved: That the contract extension to Ms M George for a further 12 months up to 28th February 2025 is approved as continuity in her role as Independent Investment Adviser is considered essential for the Pension Fund to ensure a continuing level of expertise and advice in respect of pensions investment matters.

Lancashire County Pension Fund Procurement Update - Contracts

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 procurement activity undertaken by the Fund to date in relation to actuarial services, and the strategy for the procurement of Custody Services for the Fund.

Resolved: That the Committee:

1. Note the award of the contract for actuarial services as set out in the report presented.
2. Approve that the County Council's Procurement Service undertake a procurement exercise (via the National LGPS Framework) to appoint an independent provider to undertake custody services for the next 6 years and to approve the tender award criteria and evaluation methodology as set out in the report presented.



Meeting of the Pension Fund Committee

9th February 2024

Chair: County Councillor Eddie Pope

Part I (Open to Press and Public)

Minutes of the last meeting

Resolved: That the Minutes of the meeting held on 1st December 2023 are confirmed as an accurate record and signed by the Chair.

Date of Next Meeting

It was noted that the next scheduled meeting of the Committee would be held at 10.30am on 8th March 2024 in Committee Room 'A' - The Tudor Room at County Hall, Preston.

Part II (Not Open to Press and Public)

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 proposed updated Shareholder Agreement between Lancashire County Council and the London Pension Fund Authority regarding the Local Pensions Partnership (LPP), which had been developed in consultation with Shareholder representatives as part of the Governance review of LPP.

In presenting the report the Head of Fund and Mr S Dove, Partner - Corporate & Commercial Division, at Capsticks Solicitors, highlighted some sections of the Agreement and answered questions from Committee members.

Resolved:

1. That, subject to any minor amendments to be agreed with the Director of Law and Governance, the updated Shareholder Agreement in relation to the Local Pensions Partnership (as set out at Appendix 'C' to the report presented) is approved and recommended to Full Council for approval.
2. That the Director of Law and Governance be given delegated powers to consider any amendments requested by the Pension Fund Committee, Full



Council on 14th March 2024 or the LPFA Board on 19th March 2024 and amend the Shareholder Agreement as appropriate.

3. That a report on the sections of the Articles of Association for the Local Pensions Partnership Ltd which require updating be presented to the Committee on 14th June 2024 for consideration.

