

Meeting of the Pension Fund Committee 8 March 2024

Chair: County Councillor Eddie Pope

Part I (Open to Press and Public)

Welcome

The Chair welcomed everyone to the meeting and reported that Councillor D Whipp had recently been nominated to fill the vacancy on the Committee for a Co-opted member representing City and Borough Councils. The Chair also noted that Mrs Miller, the Chair of the Lancashire Local Pension Board, and Ms Devitt, Independent Investment Adviser to the Fund, had joined the meeting remotely.

Minutes of the last meeting

Resolved: That the Minutes of the meeting held on 9th February 2024 are confirmed as an accurate record and that a copy be signed by the Chair and placed in the Minute Book.

Lancashire County Pension Fund - External Audit Findings Report 2022/23

The Committee considered a report on the external audit of the Lancashire County Pension Fund annual accounts for the year ended 31st March 2023, noted the national delays in completion of local government audits and recognised that the auditors' final opinion on both the County Council and the Fund accounts was expected to be presented to the Audit Risk and Governance Committee on 22nd April 2024.

Resolved:

1. That the findings and other issues raised by the external auditor in relation to the Lancashire County Pension Fund accounts 2022/23 are noted.
2. That the Committee be informed of the auditors' final opinion on the Lancashire County Council and Lancashire County Pension Fund accounts following the meeting of the Audit Risk and Governance Committee on 22nd April 2024.

The Chair invited Ms Devitt to address the Committee as this was her last meeting as an Independent Investment Adviser to the Fund. Ms Devitt thanked the Committee



and gave an overview of the macro-economic factors which affected the investment market. On behalf of the Committee the Chair thanked Ms Devitt and wished her well for her future career. Ms Devitt then dialled out of the meeting.

Budget Monitoring 2023/24 – Q3

The Committee considered a report on the income and expenditure of the Fund for the 9-month period up to 31st December 2023, together with budget and forecast variances for the financial year ending 31st March 2024.

Resolved: That the financial results for the 9 months up to 31st December 2023 and budget and forecast variances, as set out in the report presented, are noted.

Lancashire County Pension Fund Budget 2024/25

The Committee considered a report on a one-year budget for the Fund for the year ending 31st March 2025.

Resolved: That the Lancashire County Pension Fund budget for the year ended 31st March 2025, as set out at Appendix 'A' to the report presented, is approved.

Overpayments

The Committee considered a report on the recovery of Pension Fund Debts and writing off irrecoverable amounts which noted that implementation of a new pension administration system at LPPA and a finance system at the County Council in 2022 had affected debt recovery. However, as debt recovery and write off processes were now embedded, the resulting improvements were also reflected in the report.

Resolved: That the update on overpayments for the period 1st April 2022 to 31st March 2023, as set out in the report presented, is noted.

Pension related training for members of the Committee

The Committee considered a report was presented on pension related training involving members of the Committee since the last meeting and the Chair encouraged members of the Committee to attend future external conferences.

Resolved: That the participation by Committee members at external conferences and internal training events since the last meeting, as set out in the report, is noted and the Training Record updated accordingly.

Training Plan 2024/25

The Committee considered a report on the draft 2024/25 Training Plan which set out various training opportunities for the first six months of 2024 based on regulatory requirements, best practice, and feedback from members of the Committee and the Lancashire Local Pension Board.



Resolved:

1. That the Training Plan for the first six months of 2024/25, as set out at Appendix 'A' to the report presented, is approved.
2. That an updated Training Plan covering the remainder of 2024/25 be presented to a future meeting for approval.

Lancashire Local Pension Board Workplan 2024/25

The Committee considered a report on the 2024/25 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 2024/25 Lancashire County Pension Fund Strategic Plan.

Resolved: That the 2024/25 Work Plan for the Lancashire Local Pension Board, as set out in Appendix 'A' to the report presented, is approved.

Responsible Investments Report

The Committee considered a detailed report from Local Pensions Partnership Investments Limited on responsible investment matters during the fourth quarter of 2023 (1st October to 31st December).

Resolved:

1. That the update on responsible investment activity during Q4 of 2022, as set out in the report presented, is noted.
2. That further information regarding the reference to 'global controversy engagement' in the Dashboard at Appendix 'B' to the report and the level of Fund investment in tobacco/alcohol be circulated to members of the Committee outside of the meeting for information.

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.

Ms J Darbyshire, the Managing Director at Local Pensions Partnership Administration Ltd, (LPPA) presented a detailed report on the performance of the pension administration service during the three months to 31st December 2023 and the Director of Resources updated the Committee on action taken by Lancashire County Council in relation to improved engagement with LPPA.



Resolved:

1. That the performance of the pension administration service during the period 1st October – 31st December 2023, as set out in the report presented, is noted.
2. That a further report regarding improved engagement/communications between Lancashire County Council and LPPA in relation to the provision of monthly return data and the processing of retirements be presented to the next meeting.

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

Lancashire County Pension Fund Strategic Plan 2024/25

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 draft Lancashire County Pension Fund Strategic Plan for 2024/25 which defined key projects for the Fund and identified specific activity to be undertaken over the next 12 months in relation to six workstreams. An overview of the structure of the Pension Fund team, that would support delivery of the Strategic Plan, was also presented.

Resolved:

1. That the Lancashire County Pension Fund Strategic Plan for 2024/25, as set out at Appendix 'B' to the report presented, is approved.
2. That the Pension Fund Team structure, as set out at Appendix 'C' to the report presented is noted.

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 (LPP) together with an update on Shareholder activity associated with the Fund's strategic plan and the ongoing LPP Governance Review.

Resolved: That the Local Pensions Partnership Shareholder update to 31st December 2023 (Appendix 'A') together with updates on Shareholder activity in relation to the Fund's 2024/25 Strategic Plan, and the LPP Governance Review project, as set out in the report presented, are noted.



Local Pensions Partnership Limited - Budget 2024/25

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.

The3 Committee considered a report on the Local Pensions Partnership Ltd Group budget for 2024/25 together with a business plan for the Local Pensions Partnerships Investments Ltd.

Resolved:

1. That the Local Pensions Partnership Limited Group budget for 2024/25, as set out in Appendix 'A' to the report presented, is approved; and
2. That the Local Pensions Partnership Investments Limited business plan, as set out at Appendix 'B' to the report presented is 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 performance of global markets/economies and other factors which influenced the investment markets in which the Fund operated.

Resolved: That the report 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.

Ms George, Independent Investment Adviser to the Fund, presented a report on the performance of the Fund up to 31st December 2023 highlighting the total portfolio performance over the long term, individual asset class allocations and the current total Fund level.

Resolved: That the performance of the Fund for the quarter to the end of December 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.

The Head of Fund presented a report on the matters discussed at the Investment Panel on 30th November 2023, as set out in the Minutes of that meeting, and provided an update from discussions at the Panel on 7th March 2024.

Resolved: That the Minutes of the Investment Panel held on 30th November 2023 are noted.

Appointment of Independent Investment Adviser to the Pension Fund

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 proposed process to recruit and appoint a person to fill the vacancy for an Independent Investment Adviser to the Fund.

Resolved:

1. That the process for the recruitment and appointment of an Independent Investment Adviser to the Fund, as set out in the report presented is approved.
2. That the establishment of an Appointments Sub-Committee (to conduct interviews and appoint an Independent Investment Adviser) on the basis set out in the report is approved.

