

Meeting of the Pension Fund Committee 14th June 2024

Chair: County Councillor Eddie Pope

Part I (Open to Press and Public)

Announcements

The Chair welcomed Mr D Crum, the newly appointed Independent Investment Adviser, to his first meeting together with County Councillor G Dowding who had returned to the Committee in place of County Councillor J Mein.

The Committee was informed that as Councillor D Borrow had resigned from Preston City Council, he was no longer a Co-opted member of the Committee representing City/Borough Councils. The Chair thanked Councillor Borrow for his long service and contribution to the work of the Committee.

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

Resolved:

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

County Councillors (12)

Conservative (7)

J Burrows
J Couperthwaite
C Edwards
A Gardiner
E Pope (Chair)
A Schofield (Deputy Chair)
R Woollam

Labour (4)

M Brown
M Clifford
F De Molfetta
J Fillis

Green (1)

G Dowding

Co-opted members (7)

- a) Nominations confirmed.
Councillor M Smith - Blackpool Borough Council.



Mr P Crewe - Trade Unions.
Ms S Roylance - Trade Unions.
Ms J Eastham - Further Education and Higher Education Institutions.

- b) Nominations to be confirmed.
Representative from Blackburn with Darwen Borough Council
2 representatives of City & Borough 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.

Minutes of the last meeting.

The Chair reported that the auditors' final opinion on the Lancashire County Council and Lancashire County Pension Fund 2022/23 accounts was still awaited, and the Head of Fund confirmed that an update would be given to Committee in September 2024

Resolved: That the Minutes of the meeting held on 8th March 2024 are confirmed as an accurate record and signed by the Chair.

Budget Monitoring 2023/24 - Q4.

Resolved: That the financial performance of the Lancashire County Pension Fund for the year ended 31st March 2024, as set out in the report presented, is noted.

2023/24 Training Record and feedback from members of the Committee on pension related training

The Committee considered a report on the 2023/24 Training Record which reflected the participation of individual members of the Committee in external/internal training events over the last 12 months. The Chair reported that a Training Policy, including a Plan for the remaining 6 months of 2024/25, would be presented to the next meeting together with a proposed system for all members of the Committee to access online training in the future.

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 2023/24, as set out in Appendix 'A' to the report presented, are noted

Responsible Investment

The Committee considered a detailed report on responsible investment matters covering Q1 of 2024 (January to March) and Mr Rule, Chief Executive of Local Pensions Partnership Ltd, answered questions regarding:

- The decrease in exposure to Green/Brown investments resulting from an increase in the total value of the Fund.
- Potential investment in housing and the wider 'Living Sector'.



- Current and future investment in electrical charging facilities and the wider network (including ports).
- Stewardship activity and shareholder voting regarding climate related issues.
- Current investment in solar energy as part of the Real Estate Fund and potential future investment into the National Grid.

Resolved: That the updates on responsible investment matters during Q1, as set out in the report and Appendices presented, are noted.

Urgent Business

The Chair reminded the Committee that after publication of the agenda a supplementary agenda had been circulated in relation to a report on the revised Articles of Association for Local Pensions Partnership Ltd which would be considered in Part II of the agenda.

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 in Q4 and for the 12 months to 31st March 2024 and discussed performance against the Service Level Agreement, enhancements to performance metrics, customer satisfaction and the Pensions Dashboard.

Resolved: That the performance of the pension administration service against standards and targets during 2023/24, as set out in the report and Appendices presented is noted.

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 Risk Register for the Fund together with specific templates on risks associated with geopolitical events, implementation of new pension systems and the statutory provision of information. It was noted that an updated Cyber Policy would be presented to the next meeting for consideration and the Responsible Investment Policy would be reviewed in the future. In addition, the Committee noted that the Local Pension Board would consider the statutory provision of information risk in more detail at its meeting in July 2024.



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 - 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 an update report on activity by the Local Pensions Partnership Limited (LPP) and its subsidiaries up to 31st March 2024 and Mr Rule, the Chief Executive from LPP, answered questions in relation to the company's progress towards achieving Net Zero and potential future investment in Real Estate.

Resolved:

1. 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.
2. That the approval by the Head of Fund under delegated powers for the procurement of an external auditor for the Local Pensions Partnership Ltd, as set out in the report presented, is noted.

Local Pensions Partnership Governance Review - Articles of Association

The Committee considered a report (presented under Urgent Business) regarding minor amendments to the Articles of Association of Local Pensions Partnership Ltd which had resulted from the updated Shareholder Agreement approved in February 2024.

Resolved:

1. That the updated Articles of Association attached at Appendix 'A' to the report presented are recommended to Full Council for consideration and approval
2. That the update on minor amendments to the Shareholder's Agreement approved by the Director of Law and Governance in accordance with the decision of the Full Council in March 2024 are noted.

LCPF Investment Update - Including Investment Performance

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 key investment themes, macro-economic factors that influenced the investment market, Fund developments and the



performance of the Fund up to the end of March 2024, and the Chief Executive from Local Pensions Partnership Ltd, and the Independent Investment Adviser to the Fund answered questions from the Committee.

Resolved: That the updates and summary of the Fund's performance up to the end of March 2024, as set out in the report presented, are 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.

Resolved: That the Minutes of the Investment Panel held on 7th March 2024 are noted.

Report of the Appointments Sub Committee - Independent Investment Adviser Appointment

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 was informed that the Sub Committee established to conduct interviews for a new Independent Investment Adviser to the Fund had appointed Mr D Crum for an initial term of 2 years from 1st June 2024 with the potential to extend for a further 12 months subject to approval by the Committee.

Resolved: That the appointment of Mr D Crum as an Independent Investment Adviser to the Fund, as set out in the report presented, is noted.

Procurement Update - Custodian Services for Lancashire County Pension Fund

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 award of a contract to an independent provider to undertake custody services for the Lancashire County Pension Fund over the next 6 years, commencing on 16th July 2024, as set out in the report presented, is noted.

