

Pension Fund Committee

Purpose

- a) To assist the Council as Administering Authority to fulfil the role of Scheme Manager, as set out in the Local Government Pension Scheme regulations, of the Lancashire County Pension Fund ("the Fund" or "LCPF").

Composition

- a) The Committee shall comprise twelve county councillors and seven voting co-opted members representing the following organisations:
 - (i) One from Blackburn with Darwen Borough Council;
 - (ii) One from Blackpool Council;
 - (iii) Two representing the City and Borough Councils in Lancashire;
 - (iv) Two representing Trade Unions; and
 - (v) One representing the Further and Higher Education sector in Lancashire.
- b) The quorum of the Committee shall be five.
- c) The two Independent Investment Advisers shall be invited to attend all meetings.
- d) All members of the Committee are encouraged to participate in training on pension related matters in accordance with the Training Policy and associated Training Plan approved by the Committee.
- e) All members of the Committee shall comply with the Fund's cyber hygiene guidelines as set out in the LCPF's Cyber Security Strategy.
- f) Meetings are open to the public, but the public may be excluded where information of an exempt or confidential nature is being discussed – see [Access to Information Rules \(lancashire.gov.uk\)](https://www.lancashire.gov.uk/access-to-information-rules).

Terms of Reference

- a) Exercise Lancashire County Council's responsibility (as Administering Authority) for the management of the Fund including the administration of benefits and strategic management of Fund assets and liabilities.
- b) Determine any pensions related functions and responsibilities that should be delegated to officers and other committees.
- c) Regularly review governance arrangements and the efficient and effective use of external advisors to ensure good decision-making.
- d) Appoint a minimum of two suitable persons to act as Independent Investment Advisers and sit on the Investment Panel, through a sub-committee convened for that purpose.

- e) Establish sub-committees, panels, and other sub-groups as necessary to undertake any part of the Committee's functions.
- f) Receive and approve an Annual Report from the Lancashire Local Pension Board on the nature and effect of its activities for inclusion in the Lancashire County Pension Fund Annual Report.
- g) Approve the Lancashire County Pension Fund Annual Report and present an update report annually to Full Council on the state of the Fund.
- h) Approve all policies and procedures relating to the governance, strategic management, investments, and the administration of benefits of the Fund as required under the Local Pension Scheme Regulations.
- i) Exercise the responsibilities reserved to the Pension Fund Committee relating to the strategic operation of Local Pensions Partnership Ltd as set out in the Shareholder Agreement (see Appendix A).

Investment

- j) Have overall responsibility for investment strategy which includes monitoring the performance of the Fund's investments and ensure that best practice is being adopted and value for money is being delivered.
- k) Approve and review on a regular basis an Investment Strategy Statement.
- l) Determine the Strategic Asset Allocation, giving due recognition to the options made available by Local Pensions Partnership Investments Ltd (LPPI) and advice from the Investment Panel.

Administration

- m) Approve the Annual Administration Report.
- n) Approve the Pensions Administration Strategy Statement.
- o) Monitor the performance of the pensions administration function.
- p) Authorise the payment of any statutory pensions, gratuities, grants, etc, under the provisions of the Superannuation and Pensions Acts and Regulations and any Local Acts.
- q) Approve payments under the County of Lancashire Act 1984.
- r) Review annually the actual amounts of injury allowances payable under the Local Government Superannuation Regulations, as amended, to employees who have sustained injuries or contracted diseases, resulting from anything they were required to do in carrying out their work and to make any changes appropriate to reflect changes in the relevant financial circumstances of the payee.

Funding

- s) Approve the Funding Strategy Statement and the Admission and Termination Policy.
- t) Approve Scheme Funding Advice.
- u) Review ongoing funding updates for potential cash contribution implications.

Procurement

- v) Approve the procurement process, tender award criteria and evaluation methodology in advance of any tender being invited for the appointment of the Custodian, Actuary and Fund's Additional Voluntary Contribution (AVC) Provider.

Appendix A

Matters reserved to the Committee under the Local Pensions Partnership Ltd Shareholder Agreement

The matters below are decisions that are delegated to the Pension Fund Committee relating to the strategic operations of Local Pensions Partnership Ltd (JVCo).

- a) Dividend Policy - Shareholders may agree in writing for any Financial Year not to make any distribution or to make a distribution of a proportion only of available profits.
- b) Strategic Plan - Each strategic plan is submitted for approval to the Shareholder.
- c) Governance Framework - Shareholders will determine and agree the Governance Framework from time to time.
- d) Conduct of LPP Business - Shareholders will procure that the Board will periodically formally review (i) corporate structure (ii) LPP Board effectiveness and subsidiary board effectiveness.
- e) Information to shareholders - LPP unaudited accounts within 30 days of financial year end.
- f) Annual Report - LPP Signed annual accounts, within 6 months of financial year end.
- g) Annual reports against the Governance Framework.
- h) Incorporation or winding up of Subsidiaries or acquisition of significant share interest - Except as the LPPI Board shall determine, acting reasonably, to be necessary for any investment operational purposes (in the context of the carrying on of the Business on behalf of its clients): any incorporation of any new Subsidiary of JVCo or any of its Group Companies, or any liquidation or winding up of JVCo or any of its Group Companies, any acquisition of any

shares in any company, whether through subscription or transfer, such that the company concerned becomes a Subsidiary of JVCo or any Group Company, and acquire any shareholding in any company which constitutes 25% of more of the issued voting shares of that company.

- i) Merger/acquisition of any business undertaking - Amalgamation or merger of JVCo or and Subsidiary or Group Company of JVCo with any company, association, partnership or legal entity or acquire any business undertaking of any other person.
- j) Novel and contentious clause - Any other matter, which in the opinion of the LPP Board or one of the shareholders, is or could become of sufficient importance to significantly change or adversely affect the operation or reputation of the organisation.
- k) Proposed redundancies of any Group employees - Any proposed programme of 25 redundancies or more or rationalisation of a group of at least 25 employees.
- l) Proposed re-location of any Group employees - Any proposed programme of relocation of a group of at least 25 employees outside Lancashire in the case of employees who are or were employees of LCC or outside Greater London in the case of employees who are or were employees of LPFA.
- m) Strategic Plan - Approve any Strategic Plan or make any material changes to any Strategic Plan after its approval including any amendment to the Annual Budget where material changes shall be changes outside the tolerances approved by the Shareholders in approving the Strategic Plan and Annual Budget in accordance with clause 6 and Schedule 6 of the Shareholder Agreement.
- n) Extend the activities of JVCo outside the scope of the Business or close down any business operation.
- o) Receive the annual accounts of JVCo.
- p) Establish, provide or amend any pension scheme.
- q) Pay or declare any dividend or other distribution to the Shareholders or determine the retentions applicable under clause 5.5 of the Shareholder Agreement.
- r) Admit any person whether by subscription or transfer as a member of JVCo or any Subsidiary save as provided for in this Agreement.
- s) Repurchase, repay, redeem or cancel any Shareholder Loan other than in accordance with the terms of (as applicable) the LCC Loan Agreement, the LPFA Loan Agreement, any other Loan Agreement, Loan Notes or the terms of this Agreement.
- t) Change the name of JVCo or any Subsidiary.

- u) Adopt or amend the Governance Framework.
- v) Appoint or remove any director of JVCo otherwise than in accordance with this Agreement and the Articles.
- w) Enter into or vary any agreement for the provision of consultancy, management or other services by any person which will, or is likely to result in, JVCo being managed otherwise than by its directors or controlled otherwise than by its shareholders.
- x) Move the central management and control of JVCo or a Subsidiary of JVCo or the tax residence of JVCo or a Subsidiary outside of the UK.
- y) Enter into or terminate in any Financial Year any contract of employment with or contract for the provision of services by any person or persons whose aggregate remuneration of fees exceeds £500,000 per annum (ignoring any contract terminated for gross misconduct) or change the terms of any such contracts, unless provided for in the agreed form remuneration policy. Provided that this provision shall apply in the context of arrangements with individuals where such arrangement is in the nature of remuneration for a service provided by identified individuals (notwithstanding any right of substitution) and shall not apply to contracts for the supply of services not having such nature.
- z) Commence or take steps to commence any insolvency proceedings under any law relating to insolvency anywhere in the world unless JVCo or the relevant Subsidiary is at the relevant time unable to pay its debts as they fall due or the value of its assets is less than its liabilities, including its contingent and prospective liabilities and the directors reasonably consider (taking into account their fiduciary duties) that it ought to be wound up or it ought to enter into administration.
- aa) Enter into any partnership, joint venture or profit-sharing arrangement with any person or create any share option scheme.
- ab) Enter into or make any material variation to any agreement not in the ordinary course of the Business (or the business of a Subsidiary of JVCo) and/or which is not on an arm's length basis.
- ac) Sell, lease (as lessor), licence (as licensor), transfer or otherwise dispose of any of its material assets.
- ad) Enter into or vary any agreement to do any of the things referred to in the above paragraphs.