



## **Pensions Committee**

**2.00pm, Tuesday, 29 September 2020**

### **Agenda Planning**

#### **Item number 6.2**

#### **1. Recommendations**

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The Pensions Committee (Committee) is requested to:

- 1.1 note the agenda planning document;
- 1.2 consider and approve any of the two proposed adjustments to the annual agenda cycle or any variation thereof; and
- 1.3 note that the Pension Board members are invited to comment on agenda items during Committee meetings.

#### **Struan Fairbairn**

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# Agenda Planning

## 2. Executive Summary

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- 2.1 This report and the agenda planning document (appendix 1 of this report) provides the Committee with an overview of the proposed agendas for future meetings of the Pensions Committee and Pensions Audit Sub Committee and the annual cycle.
- 2.2 There will, of course, be specific matters and papers which need to be brought to the attention of the committees in addition to those set out herein.

## 3. Background

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- 3.1 In order for the Committee and Pension Board to gain an overview of the content of future meetings, and also an awareness of the annual cycle of items, an agenda planning document is submitted each quarter.
- 3.2 Committee meetings are held on a quarterly basis and the Audit Sub Committee meetings are generally held three times a year.
- 3.3 As a result of the COVID-19 restrictions the Pension Committee and Audit Sub Committee meetings will be held virtually until at least December 2020.
- 3.4 At its meeting on 23 June 2020 the Audit Sub Committee asked LPF to review the duplication of a number of reports presented to both the Audit Sub-Committee and Pensions Committee.

## 4. Main Report

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- 4.1 As requested LPF has reviewed the papers that are presented to both the Audit Sub Committee and the Pensions Committee to assess the issue around any unnecessary duplication of business, as well as carrying out a wider review to ensure that the balance of business is appropriate as between the two committees with a view to their respective remits.
- 4.2 There are five reports that are presented to both the Audit Sub-Committee and Pensions Committee, being:
  - 4.2.1 the Annual Group Governance Update;
  - 4.2.2 the Annual Report and Accounts (unaudited) - presented in March;
  - 4.2.3 the Audited Annual Report, including the Annual Report by the External Auditor, - presented in September;

- 4.2.4 the Annual Group Governance Update; and
- 4.2.5 the Quarterly Risk Summary.
- 4.3 LPF has investigated whether it would be possible for the unaudited Annual Report and Accounts to be initially considered solely by the Audit Sub Committee, therefore reducing the duplication of a significantly large report for the Pensions Committee. However, having consulted with LPF's external auditor, the Democracy, Governance and Resilience Senior Manager and LPF's CFO it has been concluded that we are unable to do this due to regulatory requirements.
- 4.4 Otherwise the review has confirmed that the balance between the two committees remains appropriate, with the Audit Sub Committee continuing to review a number of additional technical audit papers in order to allow the Pensions Committee to focus on other critical ongoing service matters.
- 4.5 Options to reduce any duplication therefore remain limited. However, a couple of possibilities may be:
- 4.5.1 that the Annual Group Governance update is only reviewed by the Pensions Committee and not by both committees; and
- 4.5.2 to remove the Quarterly Risk Summary from the December cycle of Pensions Committee meetings, with that committee relying on any update from the Convener of the Audit Sub Committee following its own detailed review of the risk register and processes that quarter.
- 4.6 Please note that the Data Quality Report has been moved from September's Audit Sub Committee and will now be presented at December's meeting this quarter and for subsequent meetings. That change has been made due to the timing of receiving key information for the report.
- 4.7 The proposed agendas for the next two meetings are therefore set out below, based on the usual Committee cycle plus any additional and intra-cycle requests.

#### December 2020

<b>Pensions Committee</b>	<b>Audit Sub Committee</b>
<ul style="list-style-type: none"> <li>• Referrals / recommendations from Pensions Audit-Sub Committee</li> <li>• Benchmarking</li> <li>• Stewardship and Engagement</li> <li>• Operating Plan Update</li> <li>• <i>Risk Management Summary – subject to possible review following a decision by the Pensions Committee</i></li> </ul>	<ul style="list-style-type: none"> <li>• EU Tax Claims and Other Income Tax Recoveries</li> <li>• Pensions Data Quality</li> <li>• Investment Income Review-Cross-Border Withholding Tax</li> <li>• Global Custody Services Performance</li> <li>• Risk Management: In-depth review</li> </ul>

## March 2020

### Pensions Committee

- Referrals / recommendations from Pensions Audit-Sub Committee
- Audit plans and reports (internal and external) \*
- Policies and Strategies Update
- Employers Participating in Lothian Pension Fund
- Lothian Pension Fund Contract Awards Report
- Operating Plan Update and Budget
- Risk management summary

\*Draft audits and plan will be developed in consultation with the Convenor of the Audit Sub Committee and the Independent Professional Observer.

### Future Pensions Committee and Audit Sub Committee dates:

Please note that Pension Committee and Audit Sub Committee meetings will be held virtually until the end of the year and although rooms have been reserved for the Pension Committee and Audit Sub Committee in March, an update on whether the meetings will go ahead at the venue or be conducted remotely will be communicated nearer the time.

Pensions Committee	Pensions Audit Sub Committee
<ul style="list-style-type: none"><li>• Wednesday, 9 December 2020, 2.00pm, (virtual meeting).</li><li>• Wednesday, 17 March 2021, 2.00pm, Dunedin Room, City Chambers (tbc).</li><li>• Wednesday, 23 June 2021, 2.00pm, Dunedin Room, City Chambers (tbc).</li></ul>	<ul style="list-style-type: none"><li>• Tuesday, 8 December 2020, 2.00pm, (virtual meeting).</li><li>• Tuesday, 22 June 2021, 2.00pm, Diamond Jubilee Room, City Chambers (tbc).</li></ul>

## 5. Financial impact

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5.1 None.

## 6. Stakeholder/Regulatory Impact

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6.1 The Pension Board, comprising employer and member representatives, is integral to the governance of the funds and they are invited to comment on the relevant matters at Committee meetings.

6.2 There are no adverse governance, compliance or regulatory implications as a result of this report.

## **7. Background reading/external references**

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7.1 None.

## **8. Appendices**

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Appendix 1 – LPF’s Annual Agenda Planning Cycle

## APPENDIX 1

Frequency	Pensions Committee	Audit Sub Committee	Month
Annually	Audit Plans (Internal and External)	<i>Draft internal audits and plan will be developed in consultation with the Convenor of the Audit Sub Committee.</i>	March
	Policies and Strategies Update (including revised Pension Administration Strategy biennial from March 2016)	N/A	March
	Operating Plan (every 2 years)	N/A	March
	Budget	N/A	March
	LPF Annual Report and Accounts (Unaudited)	LPF Annual Report & Accounts (Unaudited)	June
	Statement of Investment Principles	N/A	June
	Joint Investment Strategy Panel Activity	N/A	June
	Annual Investment Updates - Lothian Pension Fund and Scottish Homes Pension Fund	N/A	June
	Annual LPF Group Governance Update	Annual LPF Group Governance Update ( <i>under consideration</i> ) LPF Group Controls and Compliance	June <sup>1</sup> June
	Employer Covenant Review	N/A	September September
	Audited Annual Report and Accounts of the Lothian Pension Fund and Scottish Homes Pension Fund, including the Annual Report by External Auditor.	Audited Annual Report and Accounts of the Lothian Pension Fund and Scottish Homes Pension Fund, including the Annual Report by External Auditor.	September
	N/A	Irrecoverable overpayment of pensions – decisions made under delegated authority	September
	N/A	Fraud Prevention	September

<sup>1</sup> **Note:** this was subject to a postponement in 2020, but will return to June thereafter.

Frequency	Pensions Committee	Audit Sub Committee	Month
	Annual Report by External Auditor	Annual Report by External Auditor	December (or September if available)
	Benchmarking	N/A	December
	N/A	EU Tax Claims and Other Income Tax Recoveries	December
	N/A	Investment Income Review-Cross-Border Withholding Tax	December
	Stewardship and Engagement	N/A	December
	N/A	Pensions Data Quality	December
	N/A	Global Custody Services Performance	December
	N/A	Risk Management: In-depth review	December
<b>Semi Annually</b>	Employers Participating in Lothian Pension Fund	N/A	March & September
	Lothian Pension Fund Contract Awards Report	N/A	March & September
<b>3 Times per year</b>	Operating Plan Update	N/A	March, September & December
	Referrals / recommendations from Pensions Audit-Sub	N/A	June, September & December
<b>Quarterly</b>	Risk Management Summary ( <i>under consideration</i> )	Risk Management Summary	March, June, September and December
<b>Every 3 years</b>	Actuarial Valuation: LPF SHPF Funding Strategy Statement		December or March
<b>As required</b>	Delegated authorities (provider appointments)	N/A	
	Discretions (death grants etc.)	N/A	
	N/A	Internal Audit Reports	
	Regulatory Update	N/A	
	Investment Strategy Reviews (at least every 3 years)	N/A	