



# Pensions Committee

2.00pm, Wednesday, 17 March 2021

## Agenda Planning

### 1. Recommendations

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The Pensions Committee (Committee) is requested to:

- 1.1 note the agenda planning document and that the Pension Board members are invited to comment on agenda items during Committee meetings;
- 1.2 note the non-elected pension committee member appointment timeline;
- 1.3 agree to consider the Contract Awards Update annually from September 2021 onwards; and
- 1.4 agree to consider the Operating Plan Update every three years instead of biennial.

#### **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 The report also provides an overview of the timeline for the appointment of the non-elected committee member seats.
- 2.3 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 At its meeting in December 2020 the Pension Committee considered and approved the updated LPF Nominations and Appointments policy and delegated authority to the Chief Executive Officer, LPF and Executive Director of Resources, in consultation with the Convener, to make minor adjustments to the Policy as discussed at the meeting.

## 4. Main Report

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- 4.1 The proposed agendas for the June and September meetings are set out below, based on the usual Committee cycle plus any additional and intra-cycle requests. In addition to the June and September meetings a further meeting will be held on 24 March 2021 to consider the Deloitte paper on Project Forth.

### June 2021

Pensions Committee	Audit Sub Committee
<ul style="list-style-type: none"><li>• Referrals / recommendations from Pensions Audit-Sub Committee</li><li>• LPF Annual Report and Accounts (Unaudited)</li><li>• Statement of Investment Principles</li></ul>	<ul style="list-style-type: none"><li>• LPF Annual Report and Accounts (Unaudited)</li><li>• LPF Group Controls and Compliance</li><li>• Risk Management Summary</li></ul>

<ul style="list-style-type: none"> <li>• Joint Investment Strategy Panel Activity</li> <li>• Annual Investment Updates – Lothian Pension Fund and Scottish Homes Fund</li> <li>• Investment Strategy Review</li> <li>• Annual LPF Group Governance Update</li> <li>• Risk Management Summary</li> </ul>	
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### September 2021

<p><b>Pensions Committee</b></p> <ul style="list-style-type: none"> <li>• Referrals / recommendations from Pensions Audit-Sub Committee</li> <li>• Employer Covenant Review</li> <li>• Audited Annual Report and Accounts of the Lothian Pension Fund and Scottish Homes Pension Fund.</li> <li>• Annual Report by External Auditor (if available)</li> <li>• Contract Awards Update</li> <li>• Operating Plan Update</li> <li>• Risk Management Summary</li> <li>• Employers Participating in the Lothian Pension Fund</li> </ul>	<p><b>Audit Sub Committee</b></p> <ul style="list-style-type: none"> <li>• Audited Annual Report and Accounts of the Lothian Pension Fund and Scottish Homes Pension Fund.</li> <li>• Irrecoverable overpayment of pensions – decisions made under delegated authority.</li> <li>• Fraud Prevention</li> <li>• Risk Management Summary</li> </ul>
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### Future Pensions Committee and Audit Sub Committee dates

Please note that Pension Committee and Audit Sub Committee meetings will be held virtually until further notice. The Committee meeting dates for 2021/22 were approved by the Full Council in February 2021 and are set out below.

<p><b>Pensions Committee</b></p> <ul style="list-style-type: none"> <li>• Wednesday, 23 June 2021, 2.00pm, (virtual meeting).</li> <li>• Wednesday, 29 September 2021, 2.00pm, venue/virtual meeting (tbc).</li> <li>• Wednesday, 8 December 2021, 2.00pm, venue/virtual meeting (tbc).</li> <li>• Tuesday, 22 March 2022, 2.00pm,</li> </ul>	<p><b>Pensions Audit Sub Committee</b></p> <ul style="list-style-type: none"> <li>• Tuesday, 22 June 2021, 2.00pm, (virtual meeting).</li> <li>• Monday, 27 September 2021, 2.00pm, venue/virtual meeting (tbc).</li> <li>• Tuesday, 7 December 2021, 2.00pm, venue/virtual meeting (tbc).</li> <li>• Tuesday, 28 June 2022, 2.00pm,</li> </ul>
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venue/virtual meeting (tbc). <ul style="list-style-type: none"> <li>Wednesday, 29 June 2022, 2.00pm, venue/virtual meeting (tbc).</li> </ul>	venue/virtual meeting (tbc).
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### **Pensions Committee Member Appointment Timeline**

- 4.2 The non-elected committee member tenure for both the employer and employee seats is due to end after the June 2021 cycle of meetings, with the tenure of the new appointments to be three years under the updated policy. The appointments process will therefore require to be commenced with a view to the successful candidates commencing immediately following the June cycle of meetings.
- 4.3 The appointment process set out in LPF’s Nomination and Appointments Policy was considered by Committee in December 2020, with the approval of the requested minor amendments being delegated to the Chief Executive Officer, LPF and the Executive Director of Resources, in consultation with the Convener, who thereafter approved the amendments with effect from March 2021 but on the basis that the updated tenure for non -elected members will apply from June 2021. A copy of the updated policy has been circulated to Committee and Board members out of cycle for information and is available on LPF’s website.
- 4.4 The following timeline sets out the key dates for the appointment process:
- Advert Launched 18 March 2021
  - Closed for Applications 19 April 2021
  - Review of applications 20 April 2021
  - Interviews process between 26 April 2021 to 7 May 2021
  - Approval from Full Council 27 May 2021
  - Ratified by Pensions Committee in 23 June 2021

### **Contract Awards Update**

- 4.5 In order to reflect the separate governance arrangements for the LPF group, a six-monthly report of procured contracts awarded by LPF is reported to the Pensions Committee. This mirrors the six-monthly CEC contract awards reporting process to the Finance and Resources Committee. In light of the fact that there are generally fewer contracts awarded in a six month period within the LPF group by comparison to CEC, but mindful of recent levels of business transformation and pandemic continuity activity, it is recommended that contract awards are reported annually rather than six monthly but only after the next due report in September 2021.

## **Operating Plan**

- 4.6 It is proposed that the operating plan be considered every three years by the Pensions Committee with effect from the first operating plan being tabled in March 2020. The plan is currently tabled for consideration biennially but has been presented again this year due to some minor amendments.
- 4.7 The Operating Plan and Budget Updates presented to the Committee in September, December and March each year will continue. The March update will continue to have the dual purpose of an operating plan update, budget review and approval of the budget for the forthcoming financial year.

## **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 LPF Nomination and Appointment Policy

## **8. Appendices**

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Appendix 1 – LPF’s Annual Agenda Planning Cycle

## APPENDIX 1

Frequency	Pensions Committee	Audit Sub Committee	Month
Biennial	Administration Strategy (biennial from March 2016) March 2022	N/A	March
		N/A	March
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, the CEO (LPF) and, if appropriate, the Independent Professional Observer.</i>	March
	Policies and Strategies Update (including revised Pension LPF Budget)	N/A	March
		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	N/A	June
		LPF Group Controls and Compliance	June
	Employer Covenant Review	N/A	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

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 Lothian Pension Fund Contract Awards Report	N/A N/A	March & September March & September
<b>3 Times per year</b>	Operating Plan and Budget Update	N/A	March <sup>1</sup> , September & December
	Referrals / recommendations from Pensions Audit-Sub	N/A	June, September & December
<b>Quarterly</b>	Risk Management Summary	Risk Management Summary (In-depth report in December)	March, June, September and December
<b>Every 3 years</b>	Actuarial Valuation: LPF SHPF Funding Strategy Statement Operating Plan (as from March 2020)	N/A	December or March March
<b>As required</b>	Delegated authorities (provider appointments) Discretions (death grants etc.) N/A Regulatory Update Investment Strategy Reviews (at least every 3 years) Next due June 2021	N/A N/A Internal Audit Reports N/A N/A	

<sup>1</sup> The March update will have the dual purpose of an operating plan update, budget review and budget approval for the forthcoming financial year.

