

## **Pensions Committee Minutes**

**2pm, Wednesday 29 September 2021**

### **Present:**

Councillors Munn (in the Chair), Child, Rose and Neil Ross; John Anzani and Richard Lamont.

### **Pension Board Members present:**

Jim Anderson, Tony Beecher, Nick Chapman, Sharon Dalli, Tom Howorth and Darren May.

### **Other Attendees:**

Lesley Newdall (Chief Internal Auditor, CEC) and Nick Bennett, Azets Audit Services (External Auditor).

### **Apologies:**

Councillor Steve Burgess, Thomas Carr-Pollock, Andy McKinnell, Brian Robertson and Alan Williamson.

## **1. Quorum**

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The Clerk confirmed that notice of the meeting had been given and that a quorum was present and the Convener declared the meeting open.

## **2. Appointment of Convener**

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In the absence of the Convener, Councillor Munn was appointed to chair the meeting.

## **3. Order of Business**

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The Clerk confirmed that there was no change to the order of business.

## **4. Declaration of Interests**

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### **Decision**

Richard Lamont declared a non-financial interest in item 12 below as an employee of Visit Scotland.

## **5. Minutes**

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### **Decision**

- 1) To approve the minute of the Pensions Committee of 23 June 2021 as a correct record.
- 2) To approve the minute of the Pensions Committee of 20 August 2021 as a correct record.

### **Matter Arising – Process for Cancelling Committee Meetings**

To note that officers would report back on a process for cancelling meetings as part of the Annual LPF Group Governance update paper scheduled to be presented to Committee in June 2022.

## **6. Referrals and recommendations from Pensions Audit Sub Committee**

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Councillor Rose advised the Committee of the discussion and decisions taken at the Pensions Audit Sub-Committee meeting on 27 September 2021.

(Reference – Pensions Audit Sub-Committee 27 September 2021)

## **7. Agenda Planning**

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An overview of proposed reports for Pensions Committee and Pensions Audit Sub-Committee meetings for September and December 2021 was presented.

Members expressed a wish to return to physical meetings as soon as possible as and when Scottish Government guidance and regulations permitted.

### **Decision**

- 1) To note the agenda planning document.
- 2) To note that the Pension Board Members were invited to comment on agenda items during Committee meetings.

(Reference – report by the Chief Risk Officer, Lothian Pension Fund, submitted.)

## **8. Audited LPF Annual Report (and Financial Statements) 2021**

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Details were provided of the Audited Annual Report (and Financial Statements) for the year ended 31 March 2021 for Lothian Pension Fund and Scottish Homes Pension Fund.

The external auditor presented the unqualified opinion on the financial statements and other matters such as the key findings on audit risks, audit adjustments and accounting systems and internal controls and also confirmed that there were no matters on which it was required to report by exception.

### **Decision**

- 1) To note the report by Azets Audit Services 'Lothian Pension Funds 2020/21 Annual Audit Report to Members of the Pensions Committee and the Controller of Audit' (at Appendix 1).

- 2) To approve the audited Annual Report (and Financial Statements) for the year ended 31 March 2021 for Lothian Pension Fund and Scottish Homes Pension Fund (at Appendix 2).
- 3) To note that the audited financial statements for the year ended 31 March 2021 of both the wholly owned companies, LPFE Limited and LPFI Limited were approved by the respective Board of Directors in July 2021 (at Appendices 3 and 4).
- 4) To note the 'Lothian Pension Funds – Statement on the system of internal financial control' and 'Letter of Representation (ISA 580) by the Chief Finance Officer, Lothian Pension Fund (Appendices 5 and 6).
- 5) To request that LPF consider a review of the investment benchmarking and update the committee later in the year.
- 6) To thank the external auditor and the LPF staff team for their work in preparing and presenting the annual report and accounts.

(Reference - report by the Chief Finance Officer, Lothian Pension Fund, submitted.)

## **9. Lothian Pension Fund Contract Awards Update**

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The Council's Finance and Procurement Service provided support in relation to procurement and payment operations.

An update was provided of all contracts awarded under delegated authority for the period from 1 January to 30 June 2021 contracts awarded under waiver of CSOs by delegated authority and contracts awarded by LPFI Ltd and LPFE Ltd.

### **Decision**

To note the report and the authorisations made under the Scheme of Delegation to Officers.

(Reference - report by the Executive Director of Corporate Services, The City of Edinburgh Council.)

## **10. Operating Plan and Budget Update**

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An update was provided on progress against the 2021-2022 operating plan. This quarter the update focussed on annual benefit statements, performance indicators, membership, cashflow monitoring and investment strategy update.

### **Decision**

- 1) To note the progress of the Fund against the 2021-2022 Operating Plan.
- 2) To delegate approval of the Stewardship Code to the Chief Executive Officer (LPF), in consultation with the Convener of the Pensions Committee, subject to Committee review prior to the approval and the matter being reported to the next meeting of the Pension Committee.
- 3) To endorse the nomination of John Anzani to the Executive Committee of the LAPFF.

(Reference - report by the Chief Finance Officer, Lothian Pension Fund, submitted.)

## **11. Risk Management Summary**

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In line with the Lothian Pension Fund's (LPF) ongoing risk management procedures, an overview was provided of LPF's risk analysis.

The Risk Management Group continued to meet regularly to assess all elements of the LPF Group's risk framework including the risk appetite, register, overall assurance position and any more granular risks escalation from other sub-groups.

### **Decision**

- 1) To note the Quarterly Risk Overview as at 18 August 2021.
- 2) To note that the Internal Capital Adequacy Assessment Process would be the subject of regulatory change from January 2022 and to request a report back on this issue to a future meeting of the Committee.

## **12. Employers Participating in the Lothian Pension Fund**

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The Committee, under Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for the item of business on the grounds that it involved the disclosure of exempt information as defined in Paragraphs 1.3 and 6 of Schedule 7(A) of the Act.

An update was provided on current matters affecting employers participating in the Lothian Pension Fund.

### **Decision**

Detailed in the confidential schedule, signed by the Convener, with reference to this minute.

(Reference – report by the Chief Finance Officer, LPF, submitted)

## **13. Project Forth**

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The Committee, under Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for the item of business on the grounds that it involved the disclosure of exempt information as defined in Paragraphs 1.3 and 6 of Schedule 7(A) of the Act.

An update was presented setting out the parameters for a proposed collaboration within the Local Government Pension Scheme.

### **Decision**

Detailed in the confidential schedule, signed by the Convener, with reference to this minute.

(References – Pensions Committee 29 September 2020 (item 18); report by the Chief Executive Officer, LPF, submitted)