



## **Pensions Committee**

2.00pm, Thursday, 23 March 2023

### **Agenda Planning**

#### **Item number 6.1**

#### **1. Recommendations**

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The Pensions Audit Sub Committee (Committee) is requested to:

- 1.1 note the agenda planning document and the revisions to the agenda planning document.
- 1.2 note that the Pension Board members are invited to comment on agenda items during Committee meetings; and
- 1.3 note the introduction of the new governance portal.

#### **David Vallery**

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# Agenda Planning

## 2. Executive Summary

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- 2.1 This report and the agenda planning document (appendix 1) 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.
- 2.3 This report also summarises the proposed revisions of the agenda planning document set out in paragraph 4.3.
- 2.4 In addition, it recommends that timings are allocated to the agenda items for committee and board members, to act as a guide, supporting the effective management of meetings ensuring that they run to time.
- 2.5 Further to the above committee are asked to note the introduction of the new governance portal which aims to improve committee and Pension Board members experience, allowing greater flexibility to review and refer to current and previous papers as well as provide a single place to access all LPF meetings.

## 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 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 additionally as required; the Audit Sub Committee meetings are generally held three times a year.
- 3.3 In March 2019 the Pensions Committee approved a set of proposals to improve LPF Governance which included establishing an online portal for all papers relating to the LPF Group. In 2022 the Convene portal was procured.
- 3.4 In 2020 LPF 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, after consultation with the external auditor, the Democracy, Governance and Resilience Senior Manager and LPF's CRO it was concluded that LPF were unable to do this.
- 3.5 Committee also considered whether to remove the quarterly risk summary from the December cycle of the Pensions Committee meeting, and instead requested the

Convenor of the Audit Sub Committee update the Pensions Committee on any relevant points following the Audit Sub Committees own detailed review of the risk register and processes that quarter. At the time committee requested that the quarterly risk summary continue in addition to the In-depth risk summary being considered by the Audit Sub Committee.

- 3.6 The committee agreed that only the Annual Group Governance update be removed from the Audit Sub Committee agenda cycle.
- 3.7 In December 2022 it was reported to committee that another review of the committee agenda would take place, the purpose of ensuring that the papers for consideration were fully aligned with the terms of reference and where possible, duplication of committee papers between audit sub-committee and pensions committee be reduced where appropriate.

## 4. Main Report

- 4.1 The proposed agendas for the June, September and December meetings are set out in the following tables, based on the usual Committee cycle plus any additional and intra-cycle requests.

### June 2023

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> <li>Joint Investment Strategy Panel Activity</li> <li>Annual Investment Updates – Lothian Pension Fund and Scottish Homes Pension Fund</li> <li>Annual LPF Group Governance Update</li> <li>Funding Strategy Statement</li> <li>Compliance and Risk Quarterly Update</li> <li>Project Forth Update</li> </ul>	<ul style="list-style-type: none"> <li>LPF Annual Report and Accounts (Unaudited)</li> <li>Internal Audit Update</li> <li>Compliance and Risk Quarterly Update</li> <li>IT Information Security Update (NEW)</li> </ul>

### September 2023

Pensions Committee	Audit Sub Committee
<ul style="list-style-type: none"> <li>Referrals/ recommendations from Pensions Audit Sub Committee</li> <li>Audited Annual Report and Accounts of the Lothian Pension Fund and Scottish Homes Pension Fund</li> </ul>	<ul style="list-style-type: none"> <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> </ul>

<ul style="list-style-type: none"> <li>• Annual Report by External Auditor (if available)</li> <li>• Valuation Update</li> <li>• Stewardship Code Review</li> <li>• Operating Plan and Budget Update</li> <li>• Employer Covenant Review</li> <li>• Lothian Pension Fund Contract Awards Report</li> <li>• Employers Participating in Lothian Pension Fund</li> <li>• Compliance and Risk Quarterly Update</li> <li>• Project Forth Update</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Update</li> <li>• Fraud Prevention</li> <li>• Compliance and Risk Quarterly Update</li> </ul>
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## December 2023

<p><b>Pensions Committee</b></p> <ul style="list-style-type: none"> <li>• Referrals/ recommendations from Pensions Audit Sub Committee</li> <li>• Operating Plan and Budget Update</li> <li>• Employer Covenant Review</li> <li>• Compliance and Risk Quarterly Update</li> </ul> <p>Project Forth will be tabled if required.</p>	<p><b>Audit Sub Committee</b></p> <ul style="list-style-type: none"> <li>• Investment Income review Cross border Withholding Tax</li> <li>• Global Custody Services Performance</li> <li>• Pensions data Quality</li> <li>• Internal Audit Update</li> <li>• Additional Voluntary Contribution (AVC) Review (NEW)</li> <li>• Internal Audit Update</li> <li>• IT Information Security Update (NEW)</li> <li>• Compliance Update and Risk Management: In depth Review</li> </ul>
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## Agenda Planning Review

- 4.2 As requested by the Audit Sub Committee and reported to the Pension Committee in December, LPF have reviewed the papers that are presented to both Committees to ensure all unnecessary reporting or duplication of business is removed where possible.
- 4.3 Having reviewed the agenda planning document alongside the Committee Terms of Reference LPF have confirmed that the balance of the two committees remains appropriate. However, the following minor revisions are proposed to ensure committee time is focussed on the most appropriate items:
- **The Policies and Strategies Update, Delegated Authorities Update and Regulatory Update** titles have not been utilised for several cycles. Being nonspecific they have been superseded by the practice of including regulatory or policy updates in related reports or providing specific updates, for example the annual governance update includes a review of all governance policies.

- Two papers presented to the Audit Sub Committee could also be withdrawn; the **EU tax claims and other income tax recoveries report and Irrecoverable overpayment of pension – decisions made under delegated authority**. Both provide more detail than is required for sufficient oversight. However any material concerns and overpayments over £3,000.00 will continue to seek approval in line with council policy.
- **Risk management- In Depth Review and LPF Group Controls and Compliance** is presented to the Audit Sub Committee Annually and will now be merged to provide one Risk and Compliance update for the Committee, further to this the quarterly risk update will include any relevant compliance updates for both committees. The Chief Risk Officer will continue to refine and review reporting throughout the course of the year, taking feedback from committee and boards.
- Two new committee papers have been added to the Audit Sub Committee cycle at the request of the committee; **AVC review** to be presented annually in December and **IT Information Security Update** to be presented twice yearly, June and December.
- The **Benchmarking report** which is presented to the Pensions Committee will be presented in March instead of December to ensure the relevant data is available timeously for committee reporting.

4.4 Appendix one of this report highlights the changes above.

4.5 In addition, it is proposed that timings are allocated to the agenda items for committee and board members which aims to act as a guide, supporting the effective management of meetings ensuring that they run to time. The timings will only be available to committee and board members and not included on the public agenda and pack.

4.6 As highlighted in the 2020 review and in paragraph 3.5 of this report, it is not possible for the unaudited Annual Report and Accounts to be considered solely by the Audit Sub Committee and therefore not possible to reduce the duplicate items. However, by allocating more time to the Audit Committee for the duplicate items and less time for the Pensions Committee it is hoped that the timings will reinforce the Audit Committees role in providing the more detailed scrutiny and allow the Pension Committee to rely on this to a greater extent and spend less time considering the duplicate reports.

### **Governance Portal**

4.7 In March 2019 the Pensions Committee approved a set of proposals to improve LPF Governance which included establishing an online portal for all papers relating to the



LPF Group. In 2022 the Convene portal was procured and LPF are now in the process transitioning all meetings to the new Convene portal.

- 4.8 The Senior Leadership team, LPF Corporate Boards and JISP have also transitioned their meeting packs to the portal. Throughout February and March the governance team arranged training for board and committee members. The team will continue to follow up with board and committee members to ensure any queries are resolved and all members are comfortable with the new portal. All LPF oversight bodies will be using the portal by the end of March 2023.
- 4.9 The Pension Committee and Audit Sub Committee reports and information relating to the meetings will continue to be available via a link on the City of Edinburgh Council's website and, in addition, will also be available on the LPF website. Until the new links have been established committee services will continue to publish the agendas and packs via CEC's modern gov portal.
- 4.10 For the remainder of the year the governance team will continue to develop the portal capabilities and will keep committee informed of its development.

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

- 4.11 The Committee meeting dates for 2023/24<sup>1</sup> are set out below and calendar invites have been issued to you. These meetings will be held in person with the option, if required, to attend virtually.

<b>Pensions Committee</b>	<b>Audit Sub Committee</b>
<ul style="list-style-type: none"><li>• Wednesday, 21 June 2023, 2.00pm,</li><li>• Wednesday 27 September 2023 at 2pm</li><li>• Tuesday 5 December 2023 at 1.30pm</li><li>• Wednesday 20 March 2024 at 2pm</li><li>• Wednesday 26 June 2024 at 2pm</li></ul>	<ul style="list-style-type: none"><li>• Monday, 19 June 2023, 2.00pm,</li><li>• Tuesday 26 September 2023 at 2pm</li><li>• Monday 4 December 2023 at 2pm</li><li>• Tuesday 19 March 2024 at 2pm</li><li>• Tuesday 25 June 2024 at 2pm</li></ul>

## **5. Financial impact**

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- 5.1 None.

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<sup>1</sup> Please note that the 2024 Pension Committee and Audit Sub Committee dates will be subject to change depending on progress with Project Forth.

## **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 fund and they are invited to comment on the relevant matters at Committee meetings.
- 6.2 There are no adverse health and safety, governance, compliance or regulatory implications as a result of this report.

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

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- 7.1 [City of Edinburgh Council, Committee Terms of Reference \(sections 13 and 24\)](#)

## **8. Appendices**

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Appendix 1 – LPF’s Annual Agenda Planning Cycle

Frequency	Pensions Committee	Audit Sub Committee	Month
Every 3 years	Actuarial Valuation: LPF SHPF (next report due Mar 2024)		December or March
	Funding Strategy Statement (review due June 2023 with final version presented for approval in March 2024)	N/A	March
Biennial	Pension Administration Strategy (presented in March 2022)	N/A	September
	Administering Authority Discretions Policy. Next review due September 2022	N/A	September
Annually	LPF Strategy and Business Plan and Budget		March
	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 and circulated to the Audit Sub Committee members for comment.</i>	March
	<del>Policies and Strategies Update (including revised Pension LPF Budget)</del>	<del>N/A</del>	<del>March</del>
	<del>Benchmarking - Investment and Administration Costs</del>	<del>N/A</del>	<del>March</del>
	LPF Annual Report and Accounts (Unaudited)	LPF Annual Report & Accounts (Unaudited)	June
	LPF Internal Audit Opinion	LPF Internal Audit Opinion	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
	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
	Stewardship Code Review		September
	<del>N/A</del>	<del>Irrecoverable overpayment of pensions — decisions made under delegated authority</del>	<del>September</del>
	N/A	Fraud Prevention	September
	Lothian Pension Fund Contract Awards Report	N/A	September



Frequency	Pensions Committee	Audit Sub Committee	Month
	Annual Report by External Auditor	Annual Report by External Auditor	December (or September if available)
	<del>Benchmarking</del>	<del>N/A</del>	<del>December</del>
	<del>N/A</del>	<del>EU Tax Claims and Other Income Tax Recoveries</del>	<del>December</del>
	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	<u>Compliance Update and Risk Management: In-depth review</u>	December
Semi Annually	<del>N/A</del>	<del>LPF Group Controls and Compliance</del>	<del>December</del>
	<del>N/A</del>	<del>Additional Voluntary Contribution (AVC) Review</del>	<del>December</del>
3 Times per year	Employers Participating in Lothian Pension Fund	N/A	March & September
	<del>N/A</del>	<del>IT Information Security Update</del>	<del>June &amp; December</del>
	Operating Plan and Budget Update	N/A	March <sup>1</sup> , September & December
	Referrals / recommendations from Pensions Audit-Sub	N/A	June, September & December
		<u>Compliance and Risk Quarterly Update</u>	<u>June, September &amp; December</u>
Quarterly	<u>Compliance and Risk Management Quarterly Update</u>	<u>Risk Management Summary (In-depth report in December)</u>	March, June, September and December
	N/A	Internal Audit Update	
As required	<del>Delegated authorities (provider appointments)</del>	<del>N/A</del>	
	<del>Discretions (death grants etc.)</del>	<del>N/A</del>	
	<del>Regulatory Update</del>	<del>N/A</del>	

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

	Investment Strategy Reviews (at least every 3 years - next due June 2024)	N/A
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