

## **Pensions Audit Sub Committee**

2.00pm, Monday, 4 December 2023

### **Agenda Planning Update**

#### **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 action tracker (appendix 2);
- 1.2 note that the Pension Board members are invited to comment on agenda items during Committee meetings; and
- 1.3 agree to hold an additional Audit Sub Committee meeting in March 2024 to consider the actuarial valuation and the AVC review paper.

#### **David Vallery**

Chief Executive Officer, Lothian Pension Fund

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# Agenda Planning Update

## 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 The report also provides committee an update on key actions from its meeting in September 2023 (appendix 2).
- 2.3 There will, of course, be specific matters and papers which need to be brought to the attention of the committee 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 an awareness of the annual cycle of items, an agenda planning document is submitted each quarter.
- 3.2 In June 2023 committee also requested that an action tracker be tabled for consideration and to update the committee on progress with actions agreed.
- 3.3 Committee meetings are held on a quarterly basis and additionally as required; the Audit Sub Committee meetings are held at least three times a year.
- 3.4 At its meeting in June 2023, the Audit Sub Committee agreed to hold an additional meeting in March 2024 if required.

## 4. Main Report

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### Agenda Planning

- 4.1 The proposed agendas for the March 2024 and June 2024 meetings are set out in the following tables, based on the usual Committee cycle plus any additional and intra-cycle requests.
- 4.2 The convenor of the Audit Sub Committee has requested that the committee hold an additional meeting on Tuesday 19 March to provide greater oversight and consideration of the actuarial valuation report.
- 4.3 Additionally, it is proposed that the AVC review, which was due to be considered in December, is also considered in March 2024. This deferral of this report will allow the outcome of the provider meetings, being held in November, to be reported and

will also enable LPF to report on the National LGPS Framework for AVCs that will be launched in March 2024.

## March 2024

### Pensions Committee

- LPF Strategy and Business Plan (operating plan) and Budget
- Actuarial Valuation for Lothian Pension Fund
- Actuarial Valuation for Scottish Homes Pension Fund
- Funding Strategy Statement
- Audit Plans (Internal and External)
- LPF Internal Audit Review
- Policies and Strategies Update
- Benchmarking
- Risk and Compliance update

*The Audit Sub Committee meet three times a year but have an additional meeting scheduled on Tuesday 19 March 2024.*

## June 2024

### Pensions Committee

- Referrals/ recommendations from Pensions Audit Sub Committee
- LPF Annual Report and Accounts (Unaudited)
- Internal Audit Opinion
- Statement of Investment Principles
- Joint Investment Strategy Panel Activity
- Annual Investment Update – Lothian Pension Fund
- Annual Investment Update - Scottish Homes
- Annual LPF Group Governance Update
- Risk and Compliance Update

### Audit Sub Committee

- LPF Annual Report and Accounts (Unaudited)
- LPF Internal Audit Opinion
- Internal Audit Update
- Risk and Compliance Update

### Future Pensions Committee and Audit Sub Committee dates

4.4 The Committee meeting dates for 2023/24 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.

### Pensions Committee

- Wednesday 20 March 2024 at 2pm
- Wednesday 26 June 2024 at 2pm

### Audit Sub Committee

- Tuesday 19 March 2024 at 2pm
- Tuesday 25 June 2024 at 2pm

## **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 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

Appendix 2 – Action Tracker

# Appendix 1

Frequency	Pensions Committee	Audit Sub Committee
Every 3 years	<p><b>December or March</b></p> <p>Actuarial Valuation: LPF SHPF (next report due March 2024)</p>	N/A
	<p><b>March</b></p> <p>Funding Strategy Statement (review due June 2023 with final version presented for approval in March 2024)</p>	N/A
Biennial	<p><b>September</b></p> <p>Pension Administration Strategy (presented in March 2022)</p>	N/A
	<p>Administrating authority Discretions Policy. Next review due September 2024</p>	N/A
Annually	<p><b>March</b></p> <p>LPF Strategy and Business Plan and Budget Audit Plans (Internal and External)</p>	<p>N/A</p> <p><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></p>
	<p>Benchmarking – Investment and Administration Costs</p> <p><b>June</b></p> <p>LPF Annual Report and Accounts (Unaudited) LPF Internal Audit Opinion Statement of Investment Principles Joint Investment Strategy Panel Activity Annual Investment Updates - Lothian Pension Fund and Scottish Homes Pension Fund Annual LPF Group Governance Update</p>	<p>N/A</p> <p>LPF Annual Report &amp; Accounts (Unaudited) LPF Internal Audit Opinion N/A N/A N/A N/A</p>

# Appendix 1

Frequency	Pensions Committee	Audit Sub Committee
	<p><b>September</b></p> <p>Employer Covenant Review            Audited Annual Report and Accounts of the Lothian Pension Fund and Scottish Homes Pension Fund (including the Annual Report by External Auditor)            Stewardship Code Review            N/A            Lothian Pension Fund Contract Awards Report</p> <p><b>December</b></p> <p>Annual Report by External Auditor <b>(or September if available)</b>            N/A            Stewardship            N/A            N/A            N/A            N/A</p>	<p>N/A            Audited Annual Report and Accounts of the Lothian Pension Fund and Scottish Homes Pension Fund (including the Annual Report by External Auditor)            N/A            Fraud Prevention            N/A</p> <p>Annual Report by External Auditor <b>(or September if available)</b>            Investment Income Review-Cross-Border Withholding Tax and EU Tax Recoveries            N/A            Pensions Data Quality            Global Custody Services Performance            Compliance Update and Risk Management: In-depth review            Additional Voluntary Contributions (AVC) Review</p>
<p><b>Semi Annually</b></p>	<p><b>March &amp; September</b></p> <p>Employers Participating in Lothian Pension Fund</p> <p><b>June &amp; December</b></p> <p>N/A</p>	<p>N/A</p> <p>IT Information Security Update</p>
<p><b>3 Times per year</b></p>	<p><b>March<sup>1</sup>, September &amp; December</b></p> <p>Operating Plan and Budget Update</p>	<p>N/A</p>

<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

# Appendix 1

Frequency	Pensions Committee	Audit Sub Committee
	<p><b>June, September &amp; December</b></p> <p>Referrals / recommendations from Pensions Audit-Sub</p> <p>N/A</p>	<p>N/A</p> <p>Risk and Compliance Update</p>
<p><b>Quarterly</b></p>	<p><b>March, June, September &amp; December</b></p> <p>Risk and Compliance Update</p>	<p>Internal Audit Update</p>
<p><b>As required</b></p>	<p>Investment Strategy Reviews (at least every 3 years – next due June 2024)</p>	<p>N/A</p>



Pension Audit Sub Committee  
Action Log

Meeting	Reference	Formal/Informal	Type	Owner /	Detail	Update	Completion date	Status
29/09/2023	20230926-2	Formal - <b>Agenda Planning report</b>	Approval	SH	<p>To note the agenda planning document.</p> <p>2) To agree to close the actions set out in the tracker at appendix 2.</p> <p>3) To note the recruitment of the new Independent Professional Observer subject to agreement regarding mutually acceptable terms and conditions for the provision of independent professional service for Lothian Pension Fund.</p> <p>4) To note the LPF governance update regarding the changes in membership of the LPFE and LPFI Boards.</p> <p>5) To note Hugh Dunn, Chair of LPFE and LPFI Boards significant contribution to LPF.</p> <p>6) To note the significant contribution of Andy McKinnell, Independent Professional Observer to LPF.</p> <p>7) To note that the Pension Board members were invited to comment on agenda items during committee meetings.</p> <p>8) <b>To note that a review of the Shareholder Agreement with City of Edinburgh Council was planned for 2024.</b></p>	A further update will be provided in June 2024 regarding the shareholder agreement review and presented to the pensions committee.	29/09/2023	propose to close
29/09/2023	20230926-3	Formal - <b>Audited Annual report</b>	Action	AS/JK	<p>To note the report by Azets Audit Services "Lothian Pension Funds 2022/23 Annual Audit Report to Members of the Pensions Committee and the Controller of Audit" set out in Appendix 1.</p> <p>2) To note the audited annual report for the year ended 31 March 2023 for the Lothian Pension Fund and the Scottish Homes Pension Fund set out in appendix 2.</p> <p>3) To note that the audited financial statements for the year ended 31 March 2023 of both the wholly owned companies, LPFE Ltd and LPFI Ltd, had been approved by the respective Board of Directors in June 2023, set out in appendices 3 and 4.</p> <p>4) To note the "Letter of Representation (ISA 580)" by the Chief Finance Officer, Lothian Pension Fund set out in appendix 5.</p> <p>5) To record the Sub-Committee's thanks to the LPF Team and the External Auditor for their work in ensuring that the audit had been carried out smoothly and efficiently.</p> <p><b>Note: Information to be circulated to members with an explanation of the differential in equities returns between the US dollar and sterling.</b></p>	Note will be circulated in advance of the ASC meeting.		propose to close