



Lancashire County Pension Fund

Strategic Plan 2022-2025

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Foreword

The Lancashire County Pension Fund is the means of pension saving and the provider of retirement security for 177,799 Fund members and over 300 employers across the County. With assets of over £10bn invested to provide retirement security for members.

This Strategic Plan sets out the mission statement and key objectives of the Fund, together with planned priorities/initiatives.

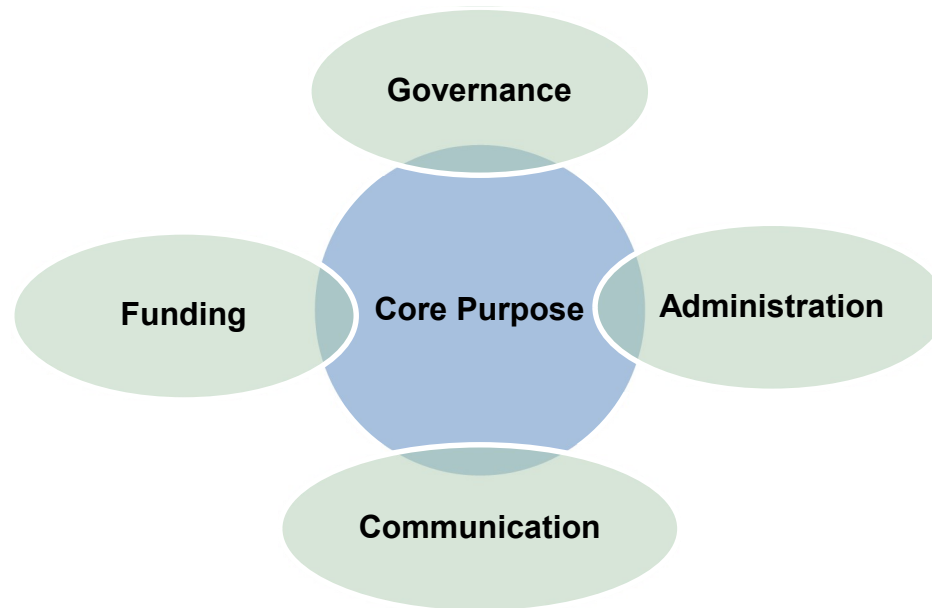
We need to set ourselves clear objectives and plan our work to achieve them. As much of what we do is driven by the cycle of actuarial valuations of the Fund we do this over a three-year period.

This Strategic Plan sets out what we plan to do to achieve our objectives in four areas over the coming three years. This plan will be reviewed by the Pension Fund Committee each year and progress will be reported within the Fund's Annual Report.

The Fund works closely in conjunction with Local Pensions Partnership Administration Limited (LPPA) who deliver pension services to employers and Fund members on our behalf. In addition, Local Pensions Partnership Investment Limited (LPPI) provides pooled investment services to the Fund and manage all non-pooled investments for the Fund. Both of these partners are key to the Fund successfully implementing this strategic plan.

Mission statement Our core purpose is to effectively manage and govern the Lancashire County Pension Fund delivering a high quality member and employer experience so allowing Fund members to benefit from financial security during retirement.

Our Planning Framework Our planning framework is based on doing the things that help us deliver our core purpose. These fall into four groups which are shown in the diagram below. Within each group, strategic objectives have been identified.



The following sections of this plan set out the objectives we are aiming to achieve within each of these groups and the key initiatives over the next three years to achieve objectives.

A summary outlining the key priorities/initiatives is provided on page 5. Further detail on priorities/initiatives falling within each of the areas of governance, funding, administration and communication are provided in the following annexes.

Summary of Strategic Plan

Governance

Ref	Initiative	Outcome	Timeframe	Priority
1	Pension Fund Committee and Local Pension Board	Officers support of the Pension Fund Committee and Local Pension Board with training and development	31 st March 2023	
2	Resourcing	Ensure sufficient and adequate resources to manage the Pension Fund	31 st March 2023	
3	Good Governance	Ensure compliance with the Pension Regulator's (TPR) Code of Practice No. 14 and subsequent revisions specifically the single code of practice	31 st March 2023	
4	Risk Management	Improved risk management framework and appropriate risks	31 st March 2024	
5	Responsible Investment	Ensure appropriate and effective implementation of Responsible Investment	31 st March 2024	
6	Shareholder Review	Review of governance arrangements and shareholder agreement	31 st March 2023	
7	Good Governance	Implemented Good Governance project outcomes	31 st March 2024	

Funding and Investment

8	Valuation 2022	Assess financial health of the Lancashire County Pension Fund and determine local employer contribution rates.	31 st March 2023	
9	Investment Strategy	Ensure that the Investment Strategy is up to date and appropriate	31 st March 2024	
10	Investment	Ensure effective cash-flow management to meet pension fund payments in the future	31 st March 2024	
11	Employer Risk	Fully transitioned employer risk service from LPPA to LCPF and management framework	31 st March 2025	
12	Service Based Review (Investment)	Ensure that periodic reviews are undertaken by the Fund on services provided by LPPI resulting in good service delivery.	31 st March 2023	

Administration

13	McCloud and other technical changes	Implementation of changes to statutory regulations	31 st March 2023	
14	Service Based Review (Administration)	Ensure that periodic reviews are undertaken by the Fund on services provided by LPPA resulting in good service delivery.	31 st March 2023	
15	Employer Engagement	Compliance with all statutory regulations	31 st March 2024	
16	LPPA Relationship Management	LPPA quality and performance scores are high, and the service is operating effectively.	31 st March 2024	
17	Pensions Dashboard	Collaborate with LPPA and employers to ensure that data is ready for implementation of the Pensions Dashboard.	31 st March 2024	

Communication

18	Cyber Security and Scams	Reduced risk of Cyber incidents occurring, and appropriately manage any incidents that arise	31 st March 2023	
19	Communication Strategy	LCPF develop communication strategy to meet the needs of all its stakeholder	31 st March 2024	

Key:

	Critical activities for core responsibilities. If not done, there will be immediate and detrimental impact to the Fund and/or members.
	Important but not necessarily in the short term. Should and need to do this to fulfil the responsibilities of the Fund, but there is no immediate impact to the Fund and members.

Annex 1: Governance

Governance is about having the right decision makers, structures and processes to enable effective, timely decisions and risk management in running the Pension Fund.

Our objectives in this area are:

- To be transparent, open and accountable to our stakeholders for our decisions, ensuring they are robust and evidence based;
- To ensure that the Pension Fund is effectively managed, and its services are delivered by highly motivated people who have the appropriate knowledge and expertise, and with access to appropriate systems;
- To deliver value for money, excellent customer service and compliance with regulatory requirements and industry standards where appropriate.

Over the next three years we are aiming to undertake the following actions in this area:

Outcomes	Actions	Timeframe
Pension Fund Committee and Local Pension Board - Officers support of the Pension Fund Committee and Local Pension Board with training and development	<ul style="list-style-type: none"> • Development of training strategy and programme • Communications with committee and board members as well as members • Ensure initial induction training programme especially for members who do not have detailed pensions experience • Recruitment planning for LPB Members and Chair 	31 st March 2023
Resourcing - Ensure sufficient and adequate resources to manage the Pension Fund	<ul style="list-style-type: none"> • Ensure the resilience of the LCPF team to support robust succession planning • Actuarial services tender exercise as current contract expires in 2023 • Develop resilience in the Employer risk function, including a review of resourcing requirements in this and other areas. 	31 st March 2023
Good Governance – Ensure compliance with the Pension Regulator's (TPR) Code of Practice No. 14 and subsequent revisions specifically the single code of practice	<ul style="list-style-type: none"> • Impact assessment to the new single code of practice • Assessment of cyber security and Business Continuity and Additional Voluntary Contributions modules • Present a compliance report to the Local Pension Board based on the new single code of practice (Jan 2023) 	31 st March 2023

<p>Risk Management – Improved risk management framework and appropriate risks</p>	<ul style="list-style-type: none"> • Revise the Fund's risk management framework to ensure appropriate ongoing assessment of existing and new risks. • Further development of key risks continuing the work done on making the risk register a living and relevant document that supports in mitigating Fund risks 	<p>31st March 2024</p>
<p>Responsible Investment – Ensure appropriate and effective implementation of Responsible Investment</p>	<ul style="list-style-type: none"> • Oversee the LPPI implementation of the Responsible Investment Policy, including the enhancements to the Responsible Investment Dashboard. • Implementation of Taskforce on Climate Related Disclosure (TCFD) requirements. 	<p>31st March 2024</p>
<p>Shareholder Review - Review of governance arrangements and shareholder agreement</p>	<ul style="list-style-type: none"> • To review the appropriateness of the current governance arrangements as shareholders of LPP Group • Revision of the existing Shareholder Agreement • Consideration of Government pooling consultation 	<p>31st March 2023</p>
<p>Good Governance – Implemented Good Governance project outcomes</p>	<ul style="list-style-type: none"> • Impact assessment of good governance requirements • Implement any resulting governance enhancements required/preferred 	<p>31st March 2024</p>

Annex 2: Funding and Investment

Funding is the process of ensuring that the Fund has sufficient assets to provide benefits as they fall due –encompassing (amongst other things) setting contributions at an appropriate level, monitoring the progression of liabilities and managing changes in their value, and managing employer risk.

A key element of ensuring benefits can be paid is the investment strategy – all contributions are invested to achieve the maximum returns possible, subject to the Fund’s views on suitable levels of risk, in order to limit the contribution burden and ensure benefit security. Our objectives in this area are:

- To ensure that resources are available to meet the Fund's liabilities through achieving optimal investment performance;
- To achieve and maintain at least a fully funded position (i.e. no funding deficit);
- To achieve, as far as possible, stable and affordable employer contribution rates;
- To manage employers' liabilities effectively having due regard to the strength of each employer's covenant;
- To meet projected net cash flow outgoings covered by investment income and other liquidity;
- To be a responsible asset owner investing sustainably so as to preserve the long-term resilience of the Fund.

Over the next three years we are aiming to undertake the following actions in this area:

Outcomes	Actions	Timeframe
Valuation 2022 – Assess financial health of the Lancashire County Pension Fund and determine local employer contribution rates.	<ul style="list-style-type: none"> • Employer engagement and data readiness – engage on data requirements and valuation outcomes (including employer contribution rates). Ensure data is accurate and complete • Actuarial Assumption analysis and setting, valuation calculation and results, interim valuation • Determine the optimal level of contributions going forward • Review all Fund policies and update the Funding Strategy Statement 	31 st March 2023
Investment Strategy – Ensure that the Investment Strategy is up to date and appropriate	<ul style="list-style-type: none"> • To review the Investment Strategy and implement any changes in conjunction with 2022 Valuation • Determine the optimal level of investment risk going forward 	31 st March 2024

<p>Investment – Ensure effective cash-flow management to meet pension fund payments in the future</p>	<ul style="list-style-type: none"> • Investment Panel to monitor cash-flow. • Investment Panel to ensure it holds assets to ensure sufficient investment income and liquidity in the Fund. • Ensure treasury management policy is operating effectively in practice. 	<p>31st March 2024</p>
<p>Employer Risk – Fully transitioned employer risk service from LPPA to LCPF and management framework</p>	<ul style="list-style-type: none"> • Analysis of the employer population focusing on different covenants, funding positions, risk appetites to determine priority employer groups/target employers • Implement measures to mitigate employer risk including bonds and security, newly introduced employer flexibilities, deficit recovery periods and alternative discount rates • LCPF to develop an effective employer risk framework and communicate effectively to employers. 	<p>31st March 2025</p>
<p>Service Based Review (Investment) – Ensure that periodic reviews are undertaken by the Fund on services provided by LPPI resulting in good service delivery.</p>	<ul style="list-style-type: none"> • Implement action points from the Investment SBR, including review of the Asset Management Agreement 	<p>31st March 2023</p>

Annex 3: Administration

Administration is the process through which the information required to maintain members' contribution records, collect contributions due and calculate and pay their benefits in an accurate and timely way is undertaken.

Our objectives in this area are:

- To deliver a high quality, cost-effective, user-friendly and informative service to all members, potential members and employers at the point where it is needed;
- To ensure that benefits are paid and contributions collected accurately and on time;
- To demonstrate compliance with all relevant regulatory requirements;
- To ensure that data/information is handled securely and used only for authorised purposes.

Outcomes	Actions	Timeframe
McCloud and other technical changes – Implementation of changes to statutory regulations	<ul style="list-style-type: none"> • Ensure revised transfer requirements have been adequately implemented • Implementation of the regulations following the McCloud judgement. • Respond to DLUHC consultation on pooling, TCFD, and levelling up due Summer 2022 	31 st March 2023
Service Based Review (Administration) – Ensure that periodic reviews are undertaken by the Fund on services provided by LPPA resulting in good service delivery.	<ul style="list-style-type: none"> • Initial Administration Service review will concentrate on the terms of the contract and whether they remain valid and fit for purpose as well as the key performance indicators 	31 st March 2023
Employer Engagement – Compliance with all statutory regulations	<ul style="list-style-type: none"> • Develop mechanisms in collaboration with LPPA, for Fund Employers to improve their compliance and participation levels to drive improvements to member experience. • Develop training/improvement plans - in collaboration with LPPA - for fund employers particularly in areas where performance needs to improve. 	31 st March 2024
LPPA Relationship Management – LPPA quality and performance scores are high, and the service is operating effectively.	<ul style="list-style-type: none"> • Ensure PACE project is successfully implemented ensuring anticipated benefits are delivered. • Effective service review meetings based on improved reporting and data insights. • Develop appropriate assurance processes to ensure LPPA have updated systems/processes 	31 st March 2024

<p>Pensions Dashboard - Collaborate with LPPA and employers to ensure that data is ready for implementation of the Pensions Dashboard.</p>	<ul style="list-style-type: none"> • Data quality and availability to be key considerations as we move closer to the launch of the Pensions Dashboard • Employer engagement to ensure clear on data required and impacts of inaccurate/gaps in data 	<p>31st March 2024</p>
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Annex 4: Communication

Communication is the process by which we ensure that Fund members and employers are aware of their benefits and of their responsibilities and of the overall performance of the Fund. It is also the process by which we promote the benefits of the Fund.

Our objectives in this area are:

- To provide good pension information, promoting pensions in the workplace and to actively promote the Fund to prospective members and their employers;
- To ensure transparency; building trust, confidence and engagement in pension saving as the norm, and ensuring that investment issues are communicated appropriately to the Fund's stakeholders;
- To communicate in an appropriate and direct way to all our stakeholders, treating them all fairly and taking advantage of different communication channels;
- To ensure that our communications are simple, relevant and have impact.

Over the next three years we are aiming to undertake the following actions in this area:

Outcomes	Actions	Timeframe
Cyber Security and Scams – Reduced risk of Cyber incidents occurring, and appropriately manage any incidents that arise	<ul style="list-style-type: none"> • Review of Cyber risk and management • Self-assessment to identify areas of focus, using cyber scorecard • Assessing key systems and service providers • LPPA and LCPF to ensure sufficient processes are in place to safeguard member and employers in online activities and address any gaps identified. Ensure LPPA comply with the Pension Regulator's Scorpion initiative and best practice 	31 st March 2023
Communication Strategy – LCPF develop communication strategy to meet the needs of all its stakeholder	<ul style="list-style-type: none"> • Understanding communication needs/objectives of members and employer and develop/implement strategy • Gap analysis of existing communications and identify changes to ensure scheme members have cohesive pensions engagement journey via LPPA, LCPF and other parties' communications and engagement. 	31 st March 2024

Glossary

PFC – The Pension Fund Committee the body of elected councillors and other representatives of employers and scheme members responsible for making the key decisions about the management of the Fund.

LCPF –Lancashire County Pension Fund.

LGPS- Local Government Pension Scheme. This is a statutory scheme with regulations stipulating the benefits available.

LPB – The Local Pension Board, a body of 4 employers and 4 scheme members together with an Independent Chair who are responsible for overseeing the work of the County Council as Administering Authority for the Fund and making recommendations for improvement.

LPP - The Local Pensions Partnership is a collaboration between two LGPS funds – Lancashire County Pension Fund and London Pensions Fund Authority. It covers both investment (LPPI) and administration activities (LPPA).

LPPI – Local Pensions Partnership Investment.

LPPA – Local Pension Partnership Administration

TPR – The Pensions Regulator who is responsible for ensuring that all public sector pension schemes adhere to proper standards of governance and service quality.

Stakeholders – Employers, Active Members, Deferred Members, Retirement Members and Survivors and Dependents.