



INFORMATION PACK: INDEPENDENT ADVISER TO LANCASHIRE COUNTY PENSION FUND

PURPOSE OF THIS PACK

Your application plays a key part in our appointment process, it gives you the opportunity to provide us with key information about your skills, qualifications and experience to help us to create a shortlist of people to interview.

This information pack provides information on the Lancashire County Pension Fund (LCPF), its governance arrangements, pooling arrangement and roles (appendix 1) and objectives (appendix 2) of the Independent Investment Adviser.

Other useful documents are referenced in appendix 3. A job role and specification is also included at appendix 4.

APPLICATION PROCESS

Applicants should email an explanation of how they fulfil the essential and desirable criteria (see appendix 4), their motivation for applying, and their CV **by 5pm on Friday 5th April 2024** to:

Junaid Laly, Special Projects Pension Lead, Lancashire County Pension Fund
LCPFconsultations@lancashire.gov.uk

Any questions in advance of your application should be directed to Sean Greene, Head of Fund,
sean.greene@lancashire.gov.uk

Following an initial assessment of submissions, a detailed review of applications is expected to result in interviews for short-listed applicants by a sub-committee of the Pension Fund Committee in April 2024.

In the appointment process, particular attention will be paid to:

- Quality of the submission;
- Relevance of experience;
- Fit with organisation.

All applicants will be informed of the outcome of their application.



BACKGROUND

Lancashire County Council, as administering authority of LCPF, which currently manages assets of over £11bn, is seeking an investment professional to provide strategic advice to its Pension Fund Committee, which meets four times each year. In addition, the adviser will be a member of the Fund's Investment Panel, which meets up to ten times each year. Additional attendance may be required in relation to other events.

Prospective applicants should have experience of advising UK pension fund trustees on a wide range of investment issues and be fully conversant with recent developments in the industry. Knowledge of the Local Government Pension Scheme is required.

The Fund currently has two Independent Investment Advisers. One of these advisers is stepping down at the end of March 2024. In order to provide for a smooth transition, it is intended to appoint a replacement adviser with effect from May 2024.

THE LOCAL GOVERNMENT PENSION SCHEME

The Lancashire County Pension Fund (LCPF) is one of 88 separate Funds making up the Local Government Pension Scheme (LGPS) in England and Wales. The LGPS from April 2014 has been a Career Average Revalued Earnings (CARE) scheme with an accrual rate of 1/49. Members - who have been in the scheme for a longer time – may also retain defined benefits accrued under previous schemes with accrual rates of 1/80 and 1/60. More information about member benefits of the LGPS scheme can be found on the following weblink [LGPS member site](#) and latest updates on the scheme rules can be accessed via this link: <https://www.lgpsregs.org/>

LANCASHIRE COUNTY PENSION FUND

As at 31 March 2023, the Lancashire County Pension Fund had a membership of 189,608 members, comprising 57,181 active contributors, 75,981 deferred members, and 56,446 pensioners. More than 300 employers participate in the Fund including county and district councils, schools, academies, colleges, universities and admitted bodies (such as, cleaning and catering companies performing outsourced services on behalf of participating organisations).

Assets under management as at 31 March 2023 totalled £10.8 billion, comprising of the following asset classes:

- Public Equities – 48%
- Fixed Income – 1.5%
- Diversifying Strategies – 1.1%
- Credit – 14.7%
- Infrastructure – 15.5%

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- Private Equity – 8.3%
- Real Estate – 10.1%
- Cash – 0.8%

At the last valuation, in 2022, it was estimated that the Fund's liabilities were £9,317 billion and assets were £10,712 billion meaning the funded position was at 115%.

SCHEME GOVERNANCE

While LCPF is not technically a separate legal entity, it does have its own specific governance arrangements and controls which sit within Lancashire County Council's overall governance framework.

Comprehensive terms of reference have been established for all areas of governance of pension fund activities including the Pension Fund Committee, the Investment Panel, the Lancashire Local Pension Board (LLPB) and issues delegated to the Head of LCPF.

Pension Fund Committee

The Pension Fund Committee comprises of 19 members, being 12 County Councillors (appointed according to the political balance of the Council) and seven voting co-optees representing various employer and member organisations. The role of the Committee is to:

- Fulfil the role of Scheme Manager, as set out in regulations, of the Lancashire County Pension Fund ("the Fund" or "LCPF");
- Establish policies in relation to investment management, which shall include meeting with the Investment Panel to consider future investment policy for the Fund;
- Monitor and review investment activity and the performance of the Fund; and
- present an annual report to the Full Council on the state of the Fund and on the investment activities during the preceding year.

The Terms of Reference of the Pension Fund Committee state that the Committee has the following responsibilities in relation to investments in connection with the Lancashire County Pension Fund.

1. To determine the Strategic Asset Allocation policy, giving due recognition to the options made available by the Local Pensions Partnership Ltd (LPPI).



2. To monitor the performance of the Fund's investments and ensure that best practice is being adopted and value for money is being delivered.
3. To submit an Annual Report to the Full Council on the performance and state of the Fund and on the investment activities during the year.
4. To approve and review on a regular basis an overall Investment Strategy and subsidiary strategies for such asset classes as the Investment Panel consider appropriate.
5. To have overall responsibility for investment policy.

Lancashire Local Pension Board

The Lancashire County Pension Fund's (LCPF) Local Pension Board (the Board) has been up and running for nearly six years. Its legal duty is to assist the Pension Fund Committee. As Board members explicitly represent either employers or scheme members, the Board also has a representative role in the governance structure of the Fund.

The Board has nine members: four Employer representatives, four Scheme Member representatives and one Independent Chair.

Investment Panel

The Investment Panel provides professional expert advice and makes recommendations to the Pension Fund Committee in relation to investment strategy.

The Panel comprises the Head of Fund as Chair and two independent advisers. Further details on the terms of reference of the Investment Panel are provided in the enclosed appendix 1.

THE DAY TO DAY OPERATION OF THE FUND

Specific issues relating to the day to day operation of the Fund are delegated to the Head of Fund.

INVESTMENT MANAGEMENT SERVICES

In 2016, the Fund appointed Local Pensions Partnership Investments Limited ("LPPI") to manage its assets. LPPI is a Financial Conduct Authority ("FCA") regulated investment company, which is wholly owned by Local Pensions Partnership Limited, a venture between LCPF, Lancashire

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County Council and London Pensions Fund Authority (LPFA). LPFA has also appointed LPPI to manage its assets, and in addition, The Royal County of Berkshire Pension Fund (“RCBPF”) are a client of LPPI which joined the pooling initiative in May 2018.

The implementation of the asset allocation is delegated to LPPI who provide pooled investment services to the LCPF. LPPI has created seven pooled funds, across a range of asset classes, to manage clients’ assets including public equities, fixed income, diversifying strategies, credit, infrastructure, private equity and real estate.

LPPI also manage all non-pooled investments for the Fund.

Local Pensions Partnership Administration Limited (LPPA) provide all associated administration services.

INVESTMENT OBJECTIVES AND STRATEGY

The Fund’s primary investment objective is to ensure that over the long term the Fund will have sufficient assets to meet all pension liabilities as they fall due. In order to meet this overriding objective the Committee maintains an investment policy so as to:

- Maximise the returns from investments whilst keeping risk within acceptable levels and ensuring liquidity requirements are at all times met; AND
- Contribute towards achieving and maintaining a future funding level of 100%.



Appendix 1

Investment Panel – Terms of Reference

1. The Investment Panel ("the Panel") provides expert professional strategic advice to the Pension Fund Committee in relation to investment strategy and on occasion to the full Council.
2. Remit of the Panel
 - To review the Fund's long term investment strategy and where necessary make recommendations to the Pension Fund Committee.
 - To advise on strategic and/or tactical asset allocations proposed by the Local Pensions Partnership Investments Ltd (LPPI).
 - To restrict and control the range of asset allocations used by LPPI, as set out in the Statement of Investment Principles.
 - To consider appropriate risk management strategies to include the matching of pension liabilities with suitable investments, possibly involving derivatives, and where necessary make recommendations to the Pension Fund Committee.
 - To consider foreign exchange hedging strategies relating to the equity and/or other asset allocations and where necessary make recommendations to the Pension Fund Committee.
 - To monitor and review the investment activity; and
 - To review and report on the performance of the Fund and where necessary make recommendations to the Pension Fund Committee.
3. The Panel does not exercise any delegated powers but instead will provide support to the Head of Fund in the exercise of their delegated powers and in making recommendations to the Pension Fund Committee taking account of advice and views from the Panel.
4. The membership of the Panel comprises:
 1. The Head of Fund (as Chair); and
 2. Not less than two Independent Investment Advisers appointed in accordance with arrangements determined by the Pension Fund Committee.
5. The Panel will meet quarterly, or otherwise as necessary
6. For a meeting to be quorate the Chair and at least one Investment Adviser must be present.



7. The Panel may operate through sub-groups to undertake specific tasks but will formulate recommendations to the Head of Fund and/or the Pension Fund Committee through meetings of the full Panel.
8. The Panel may secure specialist advice within allocated budgets.
9. One member of the Panel will attend at least the Local Pension Partnership Ltd Conference or any equivalent event on an annual basis.



Appendix 2

Strategic Objectives for the Independent Advisers to LCPF

An investigation by the Competition and Markets Authority (CMA) ended in June 2019. Having considered all the circumstances, CMA published its findings together with a number of proposals to remedy, mitigate or prevent the adverse effects of competition which had been identified in analysis of the investment consulting market.

As a result of this and in accordance with the requirement set out in the resulting Order¹, the Pension Fund Committee has agreed strategic objectives for the Independent Investment Advisers as follows:

Strategy

- Recommend a Strategic Asset Allocation and any updates with tactical ranges and risk appetites to the Pension Fund Committee, scoping, assessing and, if appropriate, using strategic advice provided by Local Pensions Partnership Investment Limited (LPPI) as an input into the investment decision making process.

Monitoring

- Monitor the construction and performance of the Fund, all its sub-Funds and its asset manager (LPPI) and recommend any consequent changes to the Pension Fund Committee.
- Provide insightful monitoring focused on the reasoning behind performance and potential substantive impacts for investment strategy.
- To oversee cash management policy in respect of the Pension Fund, ensuring that sufficient information/data is provided by LPPI and LCC treasury management to support this role and report to the Pension Fund Committee as appropriate.

Risk

- Where relevant and appropriate recommend suitable strategies to mitigate risk to the Pension Fund Committee. These could include currency and liability hedging.

Responsible Investment

- To support the Committee with respect to Responsible Investment (RI) and Stewardship matters, including regulatory requirements.

¹ The Investment Consultancy and Fiduciary Management Market Investigation Order 2019



Governance

To support the Committee in ensuring good governance related to investment matters, including:

- **New regulations and consultations** - keep the Committee up to date with regulatory developments;
- **Training and development** - provide training/explanation which aids understanding of investment issues for the Committee; and
- **Pooling savings** – monitor fees savings resulting from pooling.

This does not include shareholder governance activity.



Appendix 3

Other useful documents

The following documents are available on the [LCPF website](#):

- [Investment Strategy Statement](#)
- [Responsible Investment Policy](#)
- [Funding Strategy Statement](#)
- [Actuarial Valuation Report 2022](#)
- [Annual Report 2022/2023](#)



Appendix 4

JOB ROLE AND SPECIFICATION – INDEPENDENT ADVISER

Appointment: Independent Adviser to the Pension Fund

Responsible to: Pension Fund Committee

Overall Purpose: To advise the Pension Fund Committee and its officers on investments and related issues

Remuneration: In the region of £42,599.00 p.a. (Annual uplift in line with CPI.)

ROLE AND RESPONSIBILITIES

The independent advisers will be asked to attend meetings of the Pension Fund Committee (currently 4 a year) at County Hall, Preston and meetings of the Investment Panel (up to 10 a year), usually held in Preston throughout the year.

Attendance at the above meetings will involve:

- advising on investment asset allocation policy proposals;
- questioning investment managers and other specialist providers regarding performance, investment activity and the suitability of investment strategy;
- the advisers will also be required to produce regular written reports for these meetings.

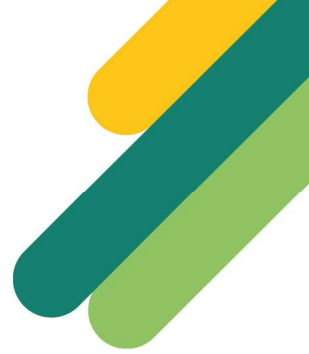
The independent advisers will also be required to advise on:

- corporate governance and socially responsible investment issues;
- interpretation of new legislation affecting pension fund investments;
- risk assessment and monitoring;
- property, private equity, hedge fund and other alternative investment issues.

The independent advisers will be expected to play a leading role in the appointment of investment managers and other specialist investment providers.

Remuneration and expenses

The annual fee is payable quarterly in arrears. Attendance at additional meetings, as required, will be paid at a rate of £2,000 per day.



The Fund will reimburse all reasonable costs and expenses. Claims should be submitted to the Fund supported by an official receipt.

Independent advisors are expected to keep up to date with pensions issues, and bring knowledge and experience from other roles they may have (subject to confidentiality) to inform the Investment Panel's discussions and support decision-making.

Essential competencies, Skills and Experience

- Significant experience in senior role(s) within the investments/pensions industry;
- An investment-related or actuarial qualification;
- An understanding of the implications, for pension schemes, of developments in the economy and financial markets, as well as the investment landscape;
- A knowledge of investment strategies suited to long term investment;
- A knowledge of responsible investment and ESG issues.

Desirable competencies, Skills and Experience

- An ability to communicate and explain economic and investment concepts simply (for example, as part of delivery of training sessions and workshops for committee members);
- Proven ability to effectively interpret and clearly present complex and technical investment information in an appealing way to different stakeholders (including committees);
- Excellent oral, written communication, and presentation skills;
- Able to build relationships with stakeholders of all levels, working collaboratively with various stakeholders and third parties whilst providing robust and sufficient challenge, as appropriate;
- Experience of providing investment advice to trustees and/or members of governing bodies;
- Understanding financial risk management;
- Knowledge of private sector pensions landscape and the Local Government pensions landscape, including pooling;
- Ability to help formulate recommendations;
- Willingness to speak one's mind and listen to the views of others;
- An awareness of the pensions governance environment and defined benefit arrangements in particular.

The appointment will take effect from May 2024 and will initially be for a period of two years with the potential for an extension beyond that subject to mutual agreement. The arrangement may be terminated by either party serving upon the other not less than three month's written notice.

