



# Governance Compliance Statement

April 2025

## Introduction

Under regulation 55 of the LGPS Regulations 2013, all Local Government Pension Schemes (LGPS) in England and Wales are required to publish a Governance Compliance Statement.

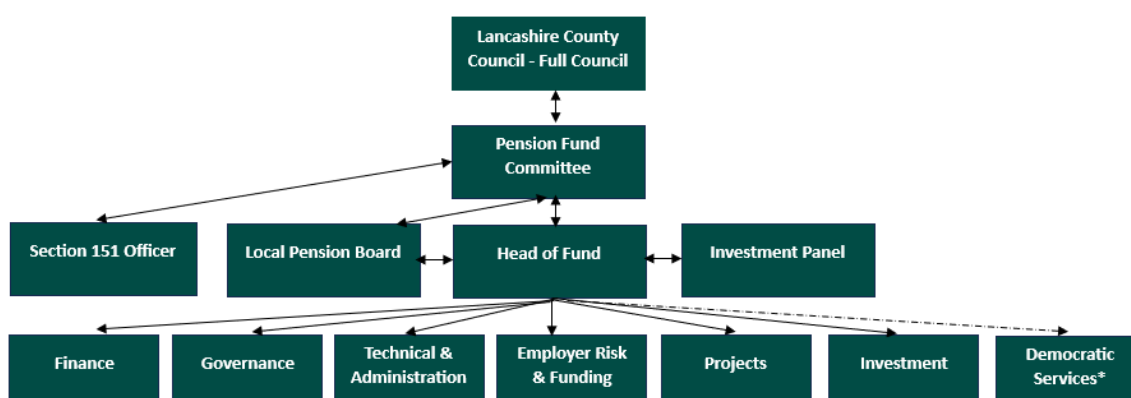
Lancashire County Pension Fund (the Fund) has its own specific governance arrangement and controls which sit within the overall governance framework of Lancashire County Council.

As the Administering Authority the County Council is responsible for making decisions relating to the operation of the Fund, including the following:

- To ensure that the Fund operates in accordance with the Local Government Pension Scheme regulations,
- To monitor and review all aspects of the Fund's performance, which includes administration and investment,
- The collection of employee and employer contributions, investment income and other amounts to the Fund as stipulated in the regulations,
- To ensure that cash is available to meet the Fund's liabilities,
- To ensure that assets are invested in accordance with the Fund's Investment Strategy Statement,
- The development, maintenance and implementation of various policies and strategies as required under the Local Government Pension Scheme Regulations, which ensures effective governance of the Fund.

## Fund Governance

The governance structure of the Fund is as follows:



\*This denotes that the Democratic Services Function is part of the wider support to the Fund Team and does not directly report to the Head of Fund

[lancashirecountypensionfund.org.uk](http://lancashirecountypensionfund.org.uk)

## **The Pension Fund Committee**

The Pension Fund Committee fulfils the role of 'Scheme Manager'<sup>1</sup>, as set out in regulations, which includes responsibility for management of the Fund, the administration of benefits and the strategic management of Fund assets and liabilities. It is responsible for establishing, and monitoring progress on, the strategic objectives of the Fund through a Strategic Plan.

The Pension Fund Committee is a non-executive committee of the County Council with a constitution of 19, comprised of 12 County Councillors and 7 voting Co-opted members as set out below:

- One representative of the Further and Higher Education sector in Lancashire;
- One representative of Blackburn with Darwen Borough Council;
- One representative of Blackpool Council;
- Two Trade Union representatives; and
- Two representatives of the Lancashire Borough and City Councils.

The Pension Fund Committee meets on a quarterly basis.

The Terms of Reference for the Pension Fund Committee can be found using the link below (page 34):

[full-constitution-230524.pdf \(lancashire.gov.uk\)](https://www.lancashire.gov.uk/media/230524/full-constitution-230524.pdf)

The County Council has established two bodies to assist and support the Pension Fund Committee to oversee the Fund:

- The Investment Panel; and
- The Lancashire Local Pension Board.

## **The Investment Panel**

The Investment Panel consists of the Head of the Fund and a minimum of two Independent Investment Advisers.

The Investment Panel provides expert professional independent advice to the Pension Fund Committee in relation to investment strategy and supports the Head of Fund with the specialist advice as required by the Pension Fund Committee. The Investment Panel meet on a quarterly basis or otherwise as necessary to review the Fund's long term investment strategy and monitor the construction and performance of the Fund.

The full Terms of Reference for the Investment Panel can be accessed by the link below (page 41)

[full-constitution-230524.pdf \(lancashire.gov.uk\)](https://www.lancashire.gov.uk/media/230524/full-constitution-230524.pdf)

## **Lancashire Local Pension Board**

As required by the Public Service Pensions Act 2013, the County Council as Administering Authority established the Local Pension Board to assist in the effective

---

<sup>1</sup> A person or body responsible for managing or administering a pension scheme established under section 1 of the 2013 Act. In the case of the LGPS, each Fund has a Scheme Manager which is the Administering Authority.

and efficient governance and administration of the LGPS for the Fund. The remit of the Board is:

- to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS,
- to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
- in such other matters as the LGPS regulations may specify.

The Terms of Reference for the Local Pension Board are available via the link below (page 48). [full-constitution-230524.pdf \(lancashire.gov.uk\)](https://www.lancashire.gov.uk/media/230524_fullconstitution.pdf)

The Local Pension Board is non-executive body which consists of 9 members and is constituted as follows:

- An independent member selected by the Pension Fund Committee who is not a member of the Fund and who will be the Chair of the Board.
- Four employer representatives nominated on the following basis:
  - Two nominated by Lancashire County Council.
  - One nominated by the Unitary, City or Borough councils or Police and Fire bodies.
  - One nominated following consultation with other employers within the Fund.
- Four scheme member representatives drawn from the membership of the Fund.

The Local Pension Board meets on a quarterly basis and reviews items specified in the Board's Workplan. The workplan is updated each year and approved by the Pension Fund Committee.

### **Knowledge and Skills**

The Fund is required under section 248a of the Pension Act 2004, as amended by the Public Service Pensions Act 2013 and coupled with the Pension Regulator's General Code of Practice, to ensure that members of the Pension Fund Committee and Local Pension Board have sufficient knowledge and understanding to undertake the roles and responsibilities of the positions to which they have been appointed.

The Fund has developed a training plan for Board and Committee members which is developed in line with the Pension Regulator's General Code of Practice and the CIPFA Knowledge and Skills Framework. The training plan incorporates online learning modules covering core knowledge applicable to all LGPS pension funds, in addition to bespoke workshops covering matters that are relevant to the specific circumstances of the Fund. Board and Committee members also have the opportunity to attend external training events and conferences pertinent to the role to support their personal development.

### **Officers**

The Pension Fund Committee delegates specific functions to the Head of Fund/Senior Pensions Officer, the Director of Law and Governance/Monitoring Officer and Director of Finance and Commerce/Section 151 Officer.

[lancashirecountypensionfund.org.uk](https://lancashirecountypensionfund.org.uk)

The Head of Fund is designated as the officer responsible for the management of the Fund, which includes leading and delivering strategy, accountability to the Pension Fund Committee and Local Pension Board and financial and investment management of the Fund.

The Head of Fund may authorise the Senior Officers of the Fund to exercise on their behalf the functions delegated to them.

The Officers of the Fund adhere to the County Council's employee Code of Conduct which sets out behavioural standards that must be upheld by all staff. The details of the employee's code of conduct can be found below:

[Code of Conduct for Employees - Lancashire County Council](#)

### **Accountability and Publication of Information**

Details of Pension Fund Committee and Local Pension Board meetings, including agenda and minutes are publicly available via the County Council's Website.

Meetings of the Pension Fund Committee and the Local Pension Board are accessible to the press and public except where they are excluded from the meeting when items being discussed are exempt from the press and public under part 1 of schedule 12A of the Local Government Act 1972.

The Fund's Annual Report and Accounts is published by 1<sup>st</sup> December each year and can be viewed on the Fund website at [Publications - Pension Fund \(lancashirecountypensionfund.org.uk\)](#)

### **Risk Management**

The Fund recognises that effective risk management is an essential element of good governance. It has established its own risk register and risk management arrangements that include the following:

- a 'Risk Management Framework' policy which is reviewed periodically and sets out key risk areas and the risk management arrangements for managing all risks for the Fund;
- the risk register is assessed on a quarterly basis and reported to the Pension Fund Committee and Local Pension Board at each quarterly meeting;
- Additional oversight is provided by the County Council's Audit, Risk & Governance Committee.

The 'Risk Management Framework' can be viewed by accessing the following link:

[Risk Management - Pension Fund](#)

### **Conflicts of Interest and Code of Conduct**

The Fund has established a Conflicts of Interest policy that sets out its approach to identifying, monitoring, and managing conflicts of interest for members of the Local Pension Board.

**[lancashirecountypensionfund.org.uk](http://lancashirecountypensionfund.org.uk)**

In addition to the policy there is also Lancashire County Council Members and Co-Opted Members' Code of Conduct which all members of the Pension Fund Committee and Local Pension Board are required to adhere to.

Full details of the members and co-opted members code of conduct can be viewed by accessing the following link:

[Code of Member Conduct - Lancashire County Council](#)

Members of the Pensions Fund Committee and Local Pension Board are required to complete declarations of interest, and a Register of Interests is maintained for County Councillors. The Declaration of Interests is also a standing agenda item at all meetings of both the Pension Fund Committee and the Local Pension Board. In addition, elected members are expected to follow the policies agreed by the Local Authority, including the relevant Councillor Code of Conduct.

## LANCASHIRE COUNTY PENSION FUND GOVERNANCE COMPLIANCE STATEMENT

The table below shows how the Fund complies with the standards set out by the Secretary of State for the Ministry of Housing, Communities and Local Government as required under Regulation 55 of the LGPS regulations 2013. The statement sets out where the Fund is fully compliant with the guidance and provides an explanation where it is not fully compliant.

<b>A. Structure</b>	(a) the Management of the administration of benefits and strategic management of Fund assets clearly rests with the main committee established by the appointing Council	√
	(b) that representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee (1)	Partial (see Note 1)
	(c) that where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	√
	(d) that where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Partial (see Note 2)

<b>B. Representation</b>	<p>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. (1)</p> <p>These include:</p> <ul style="list-style-type: none"> <li>(i) employing authorities (including non-scheme employers, e.g. admitted bodies)</li> <li>(ii) scheme members (including deferred and pensioner scheme members)</li> <li>(iii) independent professional observers (2)</li> <li>(iv) expert advisers (on an ad hoc basis)</li> </ul>	Partial (see Notes 1 and 3)
<b>C. Selection and Role of Lay Members</b>	<p>That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee. (It is the role of the administering authority to make places available for lay members and for the groups to nominate the representatives. The lay members are not there to represent their own local, political, or private interest but owe a duty of care to their beneficiaries and are required to act in their best interests at all times).</p>	√
<b>D. Voting</b>	<p>The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.</p>	√
<b>E. Training/Facility time/Expenses</b>	<p>(a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.</p>	√
	<p>(b) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.</p>	√
<b>F. Meetings – Frequency</b>	<p>(a) that an administering authority's main committee or committees meet at least quarterly.</p>	√
	<p>(b) that an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sit.</p>	√
	<p>(c) that administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those</p>	√

	arrangements by which the interests of key stakeholders can be represented	
<b>G. Access</b>	That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	√
<b>H. Scope</b>	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	√
<b>I. Publicity</b>	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.	√

## Notes - Reasons for partial compliance

- 1) Unitary councils, City/Borough Councils and further and higher education employers, are represented. Other admitted bodies only represent 17.8% of contributors to the Fund and are therefore not represented. However, all employers receive a full Annual Report and are alerted to important events. Although employee representatives, i.e., trade unions, do not formally represent deferred and pensioner scheme members, it is accepted that representation is available to deferred and pensioners members via this route where necessary and/or appropriate. In addition, the interests of all scheme members and employers are specifically represented in the composition of the Local Pension Board.
- 2) Members of the Investment Panel are in attendance at the Pension Fund Committee and recommendations are made to the Committee, as appropriate, as well as an update on investment performance.
- 3) Guidance envisaged that an independent professional observer could be invited to participate in governance arrangements to enhance the experience, continuity, knowledge, impartiality and performance of committees or panels which would improve the public perception that high standards of governance are a reality and not just an aspiration. This role is currently performed by the Fund's independent advisers and officers, and it is not apparent what added value such an appointment would bring. Whilst further guidance is awaited on this issue, it is understood that the requirement will be to appoint any additional professionals in an advisory, non-voting capacity.