

**PENSIONS COMMITTEE
 8 JANUARY 2015**

PRESENT: COUNCILLOR M G ALLAN (CHAIRMAN)

Councillors R J Phillips (Vice-Chairman), N I Jackson, B W Keimach, Mrs S Rawlins and A H Turner MBE JP

Co-Opted Members: Mr A N Antcliff (Employee Representative), M G Leaning (District Councils Representative) and Mr J Grant (Non-District Council Employers Representative)

Officers in attendance:- David Forbes (County Finance Officer), Jo Ray (Pensions and Treasury Manager), Nick Rouse (Investment Manager), Catherine Wilman (Democratic Services Officer)

40 APOLOGIES/REPLACEMENT MEMBERS

Apologies were received from Councillor C E D Mair.

41 DECLARATIONS OF MEMBERS' INTERESTS

Councillor M G Allan requested that a note be made in the minutes that he was currently a contributing member of the Pension Fund as a North Kesteven District Councillor and as a County Councillor.

Mr A Antcliff requested that a note be made in the minutes that he was currently a contributing member of the Pension Fund as an employee of Lincolnshire County Council.

Councillor M Leaning stated he was now a pensioner and in receipt of a pension from the fund.

Councillor R J Phillips declared a personal interest in all items on the agenda as a member of the Upper Witham Internal Drainage Board and as a contributing member of the Pension Fund.

42 MINUTES OF THE PREVIOUS MEETING OF THE PENSIONS COMMITTEE HELD ON 11 DECEMBER 2014

Owing to the omission of the Added Members of the Committee in the minutes which accompanied the agenda pack, a revised set was circulated at the meeting

RESOLVED

That the minutes be approved and signed by Chairman as a correct record.

43 INDEPENDENT ADVISORS REPORT

Consideration was given to a report by the Committee's Independent Advisor on the current state of global investment markets.

It was reported that the price of oil had fallen by 50% in 6 months which could be seen as a positive step for the global economy.

Compared to long term economic growth rates, 2015 was predicted to be a slow year for the UK economy and 2016 was forecast to be slower still.

RESOLVED

That the report be noted.

44 PENSION FUND UPDATE REPORT

Consideration was given to a report which updated the Committee on the current issues and Fund matters over the quarter ending 30 September 2014. Jo Ray summarised the report to Members.

The LAPFF Annual Conference had been held in Bournemouth and attendees had been updated on current engagements, investment in infrastructure, international activism and changes in pension governance.

Discussion took place regarding joining together with another fund. Officers confirmed that managing funds and liabilities together was an option, but amalgamating would require new legislation. It was felt that joining together voluntarily would be a better situation to be in than being forced to merge.

The Committee would receive an update on the collaborative working currently underway in the LGPS at the next meeting.

Another meeting of the Asset Allocation Working Group had taken place and it was reported the Group had questioned whether the Fund needed a more passive approach to asset management. The Group will await the outcome of the Government's consultation on passive investment and CIV's before preparing a recommendation paper to bring before the Committee.

It was reported that the final regulations for the Pensions Board had not yet been received by Officers. Information on the requirements of the draft legislation had already been presented to the Value for Money Scrutiny Committee and would be presented to full Council at its February meeting. The Committee's training session in early February would cover the new Pensions Board.

RESOLVED

That the report be noted.

45 INVESTMENT MANAGEMENT REPORT

Consideration was given to a report which covered the management of the Lincolnshire Pension Fund assets over the period from 1 July to 30 September 2014.

Officers reported that there would be a fund rebalancing in January/February 2015. The process would take approximately 3 weeks and money would be re-allocated across managers in line with the strategic benchmark.

Nick Rouse summarised the report which outlined the performance of the Fund's managers during the period covered.

Some members of the Committee agreed that Hymans Robertson needed to be more proactive in scrutinising the Fund's managers rather than waiting to be asked for feedback. This had been raised with them previously. It was agreed that Hymans Robertson be invited to the April meeting of the Committee to allow them to comment on their performance.

The performance summary to 30 September 2014 showed that whilst the absolute performance was good, the fund had underperformed against its benchmark since inception. David Forbes reflected that this had not been due to the Fund's asset allocation, but was due to the selection of active managers. It was noted that the passive elements of the Fund had performed well against their benchmarks.

RESOLVED

1. That the report be noted;
2. That Hymans Robertson be invited to attend the meeting of the Pensions Committee on 9 April 2015.

46 PENSION ADMINISTRATION REPORT

The Committee considered a quarterly report by the Pensions Administrator, Mouchel and Stuart Duncombe, the Communications Coordinator presented it to the Committee.

The Local Performance Indicators illustrated better performance of the administration of pensions this quarter, compared to the previous quarter. Backlogs of work were generally due to the time-lag between the changes in the Scheme from 1 April 2014 and the updating of the Pensions Administration system, Heywood's Altair. All authorities using this software would have been in the same position.

All members of the pension fund would have received information about the shared service with West Yorkshire Pension Fund in their annual statements which were distributed in October and November 2014. As the statements for Councillors were sent out before the contract for the scheme had been signed, they had not received official notification of the shared service as yet. All Scheme members would be

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written to in February/March 2015 to inform them of the change in administration services.

RESOLVED

That the report be noted.

47 PENSIONS ADMINISTRATION TRANSITION UPDATE

Consideration was given to a report which updated the Committee on progress with the transition of the pensions' administration service from Mouchel to West Yorkshire Pension Fund (WYPF).

The contract with Mouchel to provide Pensions Administration services to the Fund was due to end on 31 March 2015. Committee members had been notified in May 2014 that WYPF was the preferred provider for pensions administration services from 1 April 2015.

The project team, put in place to deal with the transfer, had a number of discussions around current practice. WYPF adhered to the Quality management System (ISO 9001:2008) and therefore their procedures and processes were well documented and applied consistently.

The Committee were requested to consider four recommendations to amend the Council's policy to that of WYPF as follows:

1. Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g. where the sum being paid is very small and could be paid as a single payment) – Lincolnshire currently apply this on a case by case basis, WYPF will only accept a request to pay an APC/SCAPC over a period of time where the regular monthly contribution is at least £10. Recommendation – to amend our policy to WYPF's;
2. Whether to require a satisfactory medical before agreeing to an application to pay an APC/SCAPC and whether to turn down an application to pay an APC/SCAPC if not satisfied that the member is in reasonably good health – Lincolnshire require any scheme member to complete a medical questionnaire and that they are in reasonably good health, WYPF require completion of a GP declaration unless it is to cover lost pension due to absence of up to 36 months or they have already reached their state retirement age.
Recommendation – to amend our policy to WYPF's;
3. Charges in relation to the supply of information – currently Lincolnshire only charge members in two instances; for requests for cash equivalent values in divorce cases or where a second transfer value request is received within a twelve month period. WYPF have a set of charges for third party information requests. These cover calculation requests, printing

and supply of information, FOI requests, and also recharge any 3rd party costs incurred. Recommendation – to amend our policy to WYPF's;

4. 100th birthday flowers – WYPF send a bouquet of flowers to pensioners reaching 100 years of age. This is not something that Lincolnshire currently does. The Committee's decision on whether to adopt this practice is required.

Following discussion, all four recommendations were agreed.

RESOLVED:

1. That the report be noted;
2. That the recommendations to amend the Lincolnshire policies to WYPF's as stated above, be agreed.

The meeting closed at 11.45 am