

**PENSIONS COMMITTEE
 9 APRIL 2015**

PRESENT: COUNCILLOR M G ALLAN (CHAIRMAN)

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

Co-Opted Members: Mr A N Antcliff (Employee Representative) and M G Leaning (District Councils Representative)

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

Also in attendance:- Peter Jones (Independent Financial Adviser)

48 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies were received from Councillor Mrs S Rawlins and C E D Mair.

49 DECLARATION 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.

As this was Councillor M Leaning's last meeting before stepping down as a District Councillor, the Chairman extended his and the Committee's thanks for his long and dedicated service to the Pensions Committee.

50 MINUTES OF THE PREVIOUS MEETING OF THE PENSIONS COMMITTEE ON 8 JANUARY 2015

The minutes from the previous meeting on 8 January 2015 were considered and it was noted that inviting Hymans Robertson to attend this meeting of the Committee to discuss the asset allocation proposals had been delayed until after the Government had responded to the Call for Evidence consultation, sometime after the General Election in May 2015 (Minute 45 refers).

RESOLVED

That the minutes of the Pensions Committee held on 8 January 2015 be approved and signed by the Chairman as a correct record.

51 INDEPENDENT ADVISORS REPORT

Consideration was given to a report by Peter Jones, Independent Advisor which provided an update on the current state of global investment markets.

There was good news in the figures from the fourth quarter of 2014 with economic growth rates exceeding expectations in a number of Northern European member states.

The impact of lower oil prices was discussed, after the price of oil had fallen to nearly \$40 per barrel.

RESOLVED

That the Independent Advisors Report be noted.

52 PENSION FUND UPDATE REPORT

Consideration was given to a report which provided an update on Fund matters over the quarter ending 31st December 2014 and Jo Ray, Pensions and Treasury Manager summarised the report for the Committee

The Committee received feedback on the most recent Local Authority Pension Fund Forum from Councillor N I Jackson.

In relation to pensions administration, it was noted that the transfer to West Yorkshire Pension Fund had gone ahead as planned on 1 April 2015. There had been a couple of issues on transfer, however these had been resolved. Reconciliation work had highlighted a small number of over and under payments which were in the process of being corrected and the Committee would receive an update on this in due course.

The format for the membership of the newly formed Pensions Board had been finalised and the board had been established on 1 April 2015 as per the statutory

requirement. The Board would consist of one independent chair, two employer representatives and two scheme member representatives.

RESOLVED

That the report be noted.

53 INVESTMENT MANAGEMENT REPORT

Consideration was given to a report which covered the management of the Lincolnshire Pension Fund assets over the period from 1 October to 31 December 2014.

Nick Rouse, the Investment Manager took the Committee through the report and the following points were noted:

- Hymans Robertson had met with Neptune and been encouraged by their performance to amend their rating from "sell" to "on watch";
- The Committee's representative from Hymans Robertson, Paul Potter, had been more proactive over the last year than previous consultants had been and a good relationship was developing;
- Schroders had still not seen a settled period since Virginie Maisonneuve, Head of Global Investments had left the company in 2014. A new team were performing satisfactorily, but still had some ground to cover;
- The Fund's strategic benchmark of 1% would be reviewed ahead of the Committee's October 2015 meeting.

RESOLVED

That the report be noted.

54 PENSION ADMINISTRATION REPORT

Consideration was given to a report which updated the Committee on the shared service arrangement with West Yorkshire Pension Fund which commenced on 1 April 2015.

Ian Greenwood, a Pensions Committee member and Yunus Gajra, Pension Fund Business Development Manager both from West Yorkshire Pension Fund, were present to provide an update on the partnership objectives.

In terms of the transfer of the administration service, Yunus Gajra updated the Committee as follows:

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- The data transfer from Lincolnshire Pension Fund to West Yorkshire Pension Fund was complete. This had been the biggest part of the project;
- The transfer had uncovered some work that should have been done by Mouchel, but had not been completed;
- Staff training had been completed, including an induction for Bradford Council;
- Some staff working in Lincoln were now employees of City of Bradford Metropolitan District Council and had had their IT and telephone systems linked to those at the Bradford offices;
- The transfer should have little impact on members of the scheme and the main priority was ensuring pensions were paid;
- The monthly payment date at West Yorkshire was different from Lincolnshire's, however the usual Lincolnshire date was being maintained to avoid disruption for members;
- New tax codes were issued by HMRC in April 2015 and Mouchel had not passed them on to West Yorkshire and this had caused some problems. However, the previous codes could still be used for April and the new ones implemented as of May 2015. Officers would be seeking reasons for this failure from Mouchel.

Members were pleased with the success of the transfer and commended all of the staff involved in the transfer for their hard work.

RESOLVED

That the report be noted.

55 ANNUAL PENSIONS COMMITTEE TRAINING PLAN AND POLICY

The Committee considered a report which set out the training policy and the annual training plan for Members for the meetings from May 2015 to April 2016.

Members considered the plan, and it was noted that, at the first training session in September 2015, the governance topic would be from the Actuary and cover unitisation and the allocation of assets to employers.

Discussion took place regarding possible future training topics and the following were suggested;

- The single state pension;
- An update on new legislation;
- Visit to a fund manager;
- Visit to West Yorkshire Pensions offices;
- Visit to Council pensions staff offices.

Members were requested to provide a brief report to Committee on any external training events they may have attended.

The training plan would be updated and emailed to the Committee members.

RESOLVED

That the training and policy plan be agreed.

56 PENSIONS REGULATOR

Consideration was given to a report which informed the Committee of the Code of Practice published by the Pensions Regulator for public sector schemes.

It was noted that the code was not statutory but was used as a reference for good behaviour. The areas covered by the code were detailed in the report.

Also provided in the report were details of a Public Service Toolkit and Members were recommended to undertake the assessments and send a copy of the completed reports to the Pensions and Treasury Manager.

RESOLVED

That the report be noted.

57 PENSIONS FREEDOM AND CHOICE

The Committee considered a report which provided updates on changes in Pensions Regulations that allowed individuals to transfer their LGPS benefits to defined contribution arrangements from April 2015.

The changes provided individuals aged 55 or over greater choice around how they accessed their pension savings. There were two key safeguards built into the process, however both safeguards had potential problems which were detailed in the report.

Any individual seeking advice on withdrawing their savings of over £30,000, would need to consult a financial adviser who was registered with the Financial Conduct Authority.

The Government was estimating only a 10% take-up on the opportunity and the Committee agreed that Officers should wait three months to get an indication of the number of applications before taking additional analysis offered from Hymans Robertson.

RESOLVED

That the report be noted.

The meeting closed at 12.20 pm