

**PENSIONS COMMITTEE
7 APRIL 2016**

PRESENT: COUNCILLOR M G ALLAN (CHAIRMAN)

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

Co-Opted Members: Mr A N Antcliff (Employee Representative) and District Councillor J Summers (District Councils Representative)

Councillor M A Whittington attended the meeting as an observer.

Officers in attendance:-

David Forbes (County Finance Officer), Yunus Gajra (West Yorkshire Pension Fund), Jo Ray (Pension Fund Manager) and Nick Rouse (Investment Manager), Catherine Wilman (Democratic Services Officer)

47 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies were received from Councillor C E D Mair and Mr Grant (Small Scheduled Body Representative).

48 DECLARATIONS OF MEMBERS' INTERESTS

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 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.

Councillor P Wood declared a personal interest on all items on the agenda as a contributing member of the Pension Fund.

49 MINUTES OF THE PREVIOUS MEETING OF THE PENSIONS COMMITTEE HELD ON 7 JANUARY 2016

RESOLVED

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

2
PENSIONS COMMITTEE
7 APRIL 2016

50 INDEPENDENT ADVISORS REPORT

A report was considered by the Committee's Independent Advisor which provided a market commentary on the current state of global investment markets.

Discussion took place regarding various issues including the impending referendum on staying or leaving the European Union, and how they might affect global markets.

RESOLVED

That the report be noted.

51 PENSIONS ADMINISTRATION REPORT

Consideration was given to the quarterly report by the Fund's pension administrator, West Yorkshire Pension Fund.

During discussion of the report, the following points were noted:

- Issues around incoming data were still impacting slightly on performance. The Fund was working with LCC and Serco to improve the quality of monthly data. There was increased confidence that valuation deadlines would be met. It was clarified that contributions were being paid in a timely manner;
- Information regarding the cessation of Contracting Out in April 2016 and the changes to the Annual Allowance was being communicated to members in the Spring 2016 newsletter;
- The shared service cost per member of the Fund was estimated at £15.55 in July 2014. This forecast, as at December 2015 and going forward had been amended to £15.25.

RESOLVED

That the report be noted.

52 PENSION FUND UPDATE REPORT

The Committee considered a report which provided an update on Fund matters over the quarter ending 31 December 2015.

It was reported that the Fund had risen in value, over the quarter, by 4.5% and all asset classes and managers were within agreed benchmark tolerances.

The Committee received an update on the Local Authority Pension Fund Forum and it was reported that LAPFF continued to engage with companies to improve their shareholder value.

The Pension Regulator's (TPR) checklist dashboard would become a new standing section of the Pension Fund Update Report. Three areas had been upgraded to 'green' status, with one remaining 'red' area – G8 Maintaining Contributions. A

process for monitoring contributions was in development and a new member of staff had been employed to improve this area.

It was reported that since the publication of the report, Risk 27 within the Risk Register (ongoing monthly data issues with LCC) had been downgraded from red to blue as this was now in a much better position.

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 2015.

The funding level, at the latest formal valuation was 71.5% and as at 31 December, the funding level had decreased to 71%.

F&C would be coming to present to the Committee at its May 2016 meeting.

Neptune had seen poor performance over the quarter and would be kept under review.

RESOLVED

That the report be noted.

54 ANNUAL PENSIONS COMMITTEE TRAINING PLAN AND POLICY

The Committee considered its annual training plan for meetings from May 2016 to April 2017.

It was reported a training criterion had been added to the Committee's Training Policy which required any new members of the Committee to undertake a one-to-one training session with the Pension Fund Manager. This would form the basis of new member training and would be accepted as an absolute minimum, with additional training advised.

The report illustrated how attendance at Committee provided Members with the experience and information to fulfil certain elements of the CIPFA Knowledge and Skills Framework.

The training session in September 2016 would cover the Triennial Valuation draft results and assumption setting.

The topic for the training session in February 2017 would be decided nearer the date, to reflect priorities at the time.

4
PENSIONS COMMITTEE
7 APRIL 2016

RESOLVED

That the Training Policy and plan be agreed.

55 LGPS ASSET POOLING

The Committee considered a report which provided an update on Lincolnshire's progress to meet the Government's requirements on pooling LGPS assets, following the publication of the pooling criteria and investment regulations consultation on 25 November 2015.

Following discussion at its January 2016 meeting, the Committee agreed to pool its assets with the Border to Coast Pension Partnership (BCPP). A letter had been received from the Government thanking BCPP for their progress in such a short space of time. It also stated the pool would have to be FCA Regulated and requested more detail from the pool regarding their intentions to invest in infrastructure, although this was not defined as UK infrastructure only.

15 July 2016 was the deadline for the pooled submission to the Government on how the pool would be set up and a separate submission from Lincolnshire including what costs and savings would be made for up to 15 years ahead.

A forthcoming meeting had been organised for the Committee chairmen and S151 officers from the pool to meet and a project manager to the pool had been appointed.

There was a considerable amount of work to be completed before the 15 July submission.

During discussion, the following was confirmed:

- The asset allocation decisions would still remain with the Committee;
- The pool would consider what the infrastructure possibilities were;
- The Funds within the pool had no concern over investing in infrastructure if the right opportunity presented itself;
- The three Funds within the BCPP that had internal management had strong track records. This joint team would be low cost and could be grown further if necessary;
- The pool was not a Sovereign Wealth Fund.

RESOLVED

1. That the report be noted;
2. That authority be delegated to the Executive Director of Finance and Public Protection, in consultation with the Chairman and Vice Chairman of the Pensions Committee, to respond to the Government's consultation and pooling requirements for the 15 July submission.

The meeting closed at 11.45 am.