

**PENSIONS COMMITTEE
8 MARCH 2017**

PRESENT: COUNCILLOR M G ALLAN (CHAIRMAN)

Councillors N I Jackson, B W Keimach, C E D Mair and Mrs S Rawlins

Co-Opted Members: Mr A N Antcliff (Employee Representative)

In attendance:- Roger Buttery (Chairman of LGPS Pension Board), Peter Jones (Independent Advisor)

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

108 APOLOGIES FOR ABSENCE

Apologies were received from Councillors R J Phillips, A H Turner MBE JP; and P Wood;

Apologies were also received from Mr J Grant (Small Scheduled Body Representative)

109 DECLARATION 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 M G Allan requested that a note be made in the minutes that he was currently in receipt of a North Kesteven District Council pension.

110 MINUTES OF THE MEETING OF THE PENSIONS COMMITTEE HELD ON 8 DECEMBER 2016 AND 5 JANUARY 2017

RESOLVED

That the minutes of the meeting held on 8 December 2016 and the minutes of the meeting held on 5 January 2017 be approved and signed by the Chairman as a correct record.

111 INDEPENDENT ADVISOR'S REPORT

The Committee considered a report by Peter Jones, Independent Advisor, which provided a market commentary on the current state of global investment markets.

An update was given on developments since the report had been written.

RESOLVED

That the report be noted.

112 PENSIONS ADMINISTRATION REPORT

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

The KPIs were discussed and those that were underperforming were highlighted. The underperformance was explained in each case.

It was reported that a recent Supreme Court judgement (Brewster) had ruled that co-habiting partners would be allowed to receive their partner's pension in the event of their death, without previously having to have completed a nomination form. This would potentially have an impact on the Pension Fund and the LGA was looking into this in further detail to advise Funds on how to progress this.

RESOLVED

That the report be noted.

113 PENSION FUND UPDATE REPORT

The Committee considered a report which provided an update on Fund matters over the quarter ending 31 December 2016 and issues arising since then.

It was noted that the value of the Fund had increased over the quarter by 3.2%.

On discussion of the Risk Register it was reported that a new risk (Risk 30) had been added to the register, which concerned the creation of BCPP within the Government's timetable and in pushing to meet the deadline, rushing and not fully considering the work. This could lead to BCPP not being fit for purpose. The controls to prevent this would be to ensure Members understood the need for a measured approach in order to be accurate, than rush to meet the imposed deadline.

Following a question, it was confirmed there had been a 25% increase in employers between the 2013 and the 2016 valuations, and these were mainly academies. The Fund was working with West Yorkshire Pension Fund to ensure new employers were set up quickly.

On discussing monthly returns, it was confirmed that employers who had out sourced their payroll services still had the responsibility for ensuring that all statutory deadlines were met. The Fund had the authority to fine employers who persistently missed the deadline.

Officers were asked how external fund managers dealt with companies that accepted inducements. The Pension Fund Manager would research the answer to this question.

RESOLVED

That the report be noted.

114 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 2016.

It was reported that the funding level as at 31 December 2016 had increased by to 77.3%.

On consideration of the individual manager updates, Officers were asked why Morgan Stanley Global Brands was investing in the same companies as other managers in the Fund. It was explained that Morgan Stanley Global Brands had a more concentrated portfolio, with more money across fewer companies and was focussed differently than other managers. The brand names invested in brought stability and the mandate generally outperformed in difficult markets.

RESOLVED

That the report be noted.

115 LINCOLNSHIRE PENSION FUND FUNDING STRATEGY STATEMENT

A report was considered which presented the Funding Strategy Statement to the Committee for approval. The statement set out how the Pension Fund aimed to become fully funded over the long term, whilst considering affordability, transparency, stability and prudence.

In brief, the Funding Strategy Statement was a summary of the Fund's approach to funding its liabilities and paying benefits to members when they fell due.

The Statement had been sent to all employers in the Fund for consultation prior to the meeting, giving them an opportunity to raise any questions ahead of the Pensions Committee meeting. Officers had received three responses from employers stating that they were happy with the statement.

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During questions from Members of the Committee, it was confirmed that academies could offer staff an alternative to the LGPS if they wished, however an individual had to have opted out of the LGPS of their own accord before they could sign up to an alternative scheme;

The Committee considered the statement and supporting report and were minded to approve.

RESOLVED

That the Lincolnshire Pension Fund Funding Strategy Statement be approved.

116 LINCOLNSHIRE PENSION FUND INVESTMENT STRATEGY STATEMENT

Consideration was given to a report which brought the Investment Strategy Statement to the Committee for approval.

The LGPS (Management and Investment of Funds) Regulations 2016 required the statement to be produced by all Local Government Pension Schemes by 1 April 2017. The Statement would replace the Statement of Investment Principles.

It was reported that areas required by the regulations had been covered in the statement.

Officers were asked if being a member of the Border to Coast Pensions Partnership would change the Investment Strategy Statement. It was explained that the Statement reflected the asset allocation strategy of the Fund and that the role of Border to Coast Pensions Partnership was to implement that strategy.

RESOLVED

That the Lincolnshire Pension Fund Investment Strategy Statement be approved.

117 ASSET POOLING UPDATE

The Committee considered a report which updated Members on the latest activity with the asset pooling requirements.

It was reported that the main development since the last meeting of the Committee had been receiving unanimous approval of the pooling arrangements from the Full Council meeting on 24 February 2017. At the time of writing, seven members of the Pool had received approval from their full councils, however it was expected that all would have received it by the end of March 2017. This would enable the Pool to hold its first meeting of the Joint Committee scheduled for 25 April 2017.

It was reported that the Chair of the South Yorkshire Pension Fund had contacted all Chairs of its partner Funds to raise their concerns about the lack of scheme member

representation on the oversight body for the BCPP, the Joint Committee. The Member Steering Group of the BCPP had been asked to consider this and their view was that the most appropriate place for scheme member representation was at local Committee and Board level.

Issues were raised regarding this by the Employee Representative on the Committee, and representative of Unison, who felt that Fund members needed their views representing at Pool level. Both the Chairman of the Committee and the Chairman of the LGPS Pension Board were in agreement that a representative of this kind, and at pool level, would be of no benefit to members.

The BCPP would operate as an investment company, far removed from issues concerning individual members. In order to represent members efficiently, the best position for an Employee Representative would at local authority level.

It was highlighted, however that the Committee was in agreement on the importance of stakeholder engagement by the Pool.

The Committee agreed to take a vote on this issue, and it was:

RESOLVED

1. That Scheme Member Representation on the BCPP Joint Committee not be supported;
2. That the report be noted.

The meeting closed at 12.25 pm