

**PENSIONS COMMITTEE  
 22 MARCH 2018**

**PRESENT: COUNCILLOR E W STRENGIEL (CHAIRMAN)**

Councillors P E Coupland (Vice-Chairman), R D Butroid, B Adams, Mrs M J Overton MBE, A J Spencer and Dr M E Thompson.

Co-Opted Members: Mr A N Antcliff (Employee Representative), Mr J Grant (Non-District Council Employers Representative) and Jeff Summers (District Councils Representative).

Peter Jones (Independent Investment Advisor) was also in attendance at the meeting.

Roger Buttery (Chairman of the LGPS Pension Board), Dave Vickers (Scheme Member Representative, LGPS Pension Board) and Councillor M A Whittington (Employer Representative LGPS Pension Board) attended the meeting as observers.

Officers in attendance:-

David Forbes (County Finance Officer), Yunus Gajra, Claire Machej (Head of Finance (Corporate)), Jo Ray (Pension Fund Manager) and Katrina Cope (Senior Democratic Services Officer).

51 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Mrs S Rawlins.

52 DECLARATIONS OF MEMBERS' INTERESTS

Mr A N Antcliff declared an interest as an employee of Lincolnshire County Council and a contribution member of the Pension Fund.

53 MINUTES FROM THE MEETING HELD ON 11 JANUARY 2018

The Committee expressed their thanks to Catherine Wilman (Democratic Services Officer) for all her support and extended their best wishes to her for the future.

The Committee were also reminded to complete the TPR Toolkit as soon as possible, and forward their certificates on to the Pension Fund Manager.

RESOLVED

That the minutes of the Pensions Committee meeting held on 11 January 2018 be approved and signed by the Chairman as a correct record.

**54 INDEPENDENT INVESTMENT ADVISOR'S REPORT**

Consideration was given to a report by Peter Jones, the Pensions Committee Independent Investment Advisor, which provided a market commentary on the current state of global investment markets.

The Committee received a short update on developments since the report had been written.

**RESOLVED**

That the Independent Investment Advisor's report be received.

**55 PENSIONS ADMINISTRATION REPORT**

The Committee received a quarterly report from Yunus Gajra, Business Development Manager from West Yorkshire Pension Fund (WYPF), which provided an update on the current administration issues.

Attached to the report were the following Appendices:-

- Appendix A – Customer Survey Results – Lincolnshire Members (1 October to 31 December 2017);
- Appendix B – Employer Feedback – Quarter 3 – October to December 2017; and
- Appendix C – Draft GDPR Implementation Plan – February 2018.

In guiding the Committee through the report, the Business Development Manager WYPF made particular reference to the underperforming KPI's which were shown on pages 16 and 17 of the report presented. The Committee was updated on the ongoing issue with Lincolnshire County Council data, and advised that problems had been encountered with the transference of Lincolnshire County Council SAP historical information to the data Warehouse, which had resulted in further delays in completing leaver information; and other areas. The Committee was advised further that this was a critical issue and that there was a plan in place to deal with the matter. The Committee also noted that an update report from LCC on their improvement plan was to be considered by the Pensions Board.

It was highlighted that Serco were currently looking into a data base solution.

The Committee noted the data relating to employer activity as shown at paragraph 2.3; the praise and complaints as detailed at paragraph 3.1; internal disputes resolution procedures at paragraph 4.0; administration update at paragraph 5.0; current issues at paragraph 6.0; and finance at paragraph 7.0. The Committee noted also that the WYPF had been shortlisted by Pensions Age Awards under various categories, but had unfortunately not been successful this time.

In conclusion, the Committee was advised that the WYPF and LPF continued to work closely together as shared service partners to ensure that an efficient and effective service was provided to all stakeholders within the Lincolnshire Pension Fund.

RESOLVED

That the Pensions Administration Report presented be noted.

**56      PENSION FUND UPDATE REPORT**

The Committee gave consideration to a report from the Executive Director of Finance and Public Protection, which provided an update on Fund matters over the quarter ending on 31 December 2017.

In guiding the Committee through the report the Pension Fund Manager advised that the value of the Fund had increased by £85.3m (3.9%) to £2,246.0m as at 31 December 2017.

Attached to the report for the Committee's consideration were the following Appendices:-

- Appendix A – Distribution of Investments;
- Appendix B – Purchases and Sales of Investments;
- Appendix C – Changes in Market Indices;
- Appendix D – Equity Voting Activity; and
- Appendix E – TPR Checklist Dashboard.

The Pension Fund Manager also highlighted to the Committee that an outturn report had been produced which detailed the performance of the cash balances managed by the Treasury. It was noted that the report showed an average cash balance of £15.5m. It was noted further that the invested cash had outperformed the benchmark from 1 April 2017 by 0.30% and had earned interest of £60.7k. This information was detailed in the table at the bottom of page 40 of the report.

It was reported that in relation to the internal governance document of the TPR Checklist Dashboard, two areas had moved to green, and were fully compliant, leaving only four areas, out of 100, remaining amber. Details of these were shown at paragraphs 4.2 and 4.3 of the report presented.

The Committee noted that in relation to the Risk Register there had been no change in the status. There was however still one red risk, risk 24 which had been added in June 2016, as a result of the Brexit vote; and due to the continuing uncertainty, it was felt that the red status was still appropriate.

It was highlighted to the Committee that the Pensions Regulator (TPR) had formally launched its campaign on 21<sup>st</sup> century trusteeship. The Committee noted that the campaign had followed the discussion paper published in 2016 looking at how standards could be raised across trustee boards to improve the way that pension funds were managed. The Committee noted further that the TPRs aim was to

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highlight what good governance was, and what would be done if the required standards were not met.

During a short discussion, one member enquired as at year end what contributions had been paid in and what had been paid out. The Committee was advised that the year-end information would be presented to the 19 July 2018 meeting.

RESOLVED

That the Pension Fund Update Report presented be noted.

**57 INVESTMENT MANAGEMENT REPORT**

Consideration was given to a report from the Executive Director of Finance and Public Protection, which covered the management of the Lincolnshire Pension Fund assets over the period from 1 October to 31 December 2017.

The Pension Fund Manager reported that the funding level as at 31 December 2017 had increased to 82.1%.

Following consideration of the items contained in the report by the Committee the Pension Fund Manager responded to questions raised.

RESOLVED

That the Investment Management Report presented be noted.

**58 ASSET POOLING UPDATE**

The Committee gave consideration to a report from the Executive Director of Finance and Public Protection concerning progress on the creation of Border to Coast, the Fund's chosen asset pool.

The Committee was advised that since the October 2017 meeting a lot of progress had been made to ensure that the Border to Coast Pensions Partnership Ltd would be operational in June 2018. The report presented summarised the key progress points to date and the work that was ongoing to meet the June 2018 deadline. It was reported that for the deadline to be met, delegated authority was sought for time-critical decision making and additional expenditure to the implementation budget.

It was reported that the next stage was the setting up of six workgroups to cover the areas listed at paragraph 4 of the report. It was noted that Funds would be working with Border to Coast employees to resource the groups; and that the timescales were very tight to ensure that the June 2018 deadline was met.

The Committee was advised that there would be a number of time-critical implementation decisions which would have to be made over the coming months concerning the sub-fund structure, transitions plans and other implementation actions. The Committee were requested to delegate authority for these decisions to

the Executive Director of Finance and Public Protection, in consultation with the Chairman and Vice-Chairman of the Pensions Committee. The Committee was advised that for the reasons given in the March Joint Committee report, Funds were therefore being asked to approve an additional £75k each to ensure that the timescale for Border to Coast was met. The Committee was advised further that the actual implementation costs would be reported to the Committee once known. Confirmation could not be given that there would not be a further request for more expenditure.

During discussion, some concern was expressed by some members to the increased additional expenditure of £75k. It was highlighted that the Government had said that Asset Pooling was something that the authority had to do. Reassurance was given that there would be benefits in the medium and longer term. Members were reminded that being part of Border to Coast provided more cost effective access to certain investments; and over the longer term increased performance and resilience.

**RESOLVED**

It was unanimously approved:-

1. That the Asset Pooling Update be noted.
2. That delegated authority be granted to the Executive Director of Finance and Public Protection, in consultation with the Chairman and Vice-Chairman of the Pensions Committee to agree additional expenditure up to £75k.
3. That delegated authority be granted 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 time-critical implementation decisions.

**59     EXEMPTION OF PUBLIC AND PRESS**

**RESOLVED**

That, in accordance with Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that if they were present there could be disclosure of exempt information as defined in Paragraphs 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

**60     EQUITY VOTING TEMPLATE REVIEW**

The Committee gave consideration to an exempt report, which explained reasons for amendments to the voting template, following a comprehensive review of global governance and voting practices undertaken by Manifest, the Fund's voting agent.

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The Pension Fund Manager presented the report to the Committee and responded to questions raised.

RESOLVED

That the report concerning the Equity Voting Template Review be noted and that retrospective approval be given to the amendments to the voting template.

Note: Councillor P E Coupland wished it to be recorded that he had abstained from voting.

The meeting closed at 12.10 pm