

**PENSIONS COMMITTEE  
21 MARCH 2019**

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

Councillors P E Coupland (Vice-Chairman), B Adams, R D Butroid, P M Key, Clio Perraton-Williams, Mrs S Rawlins and Dr M E Thompson

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

Officers in attendance:-

**Roger Buttery (Independent Chairman – LGPS Pension Board)**, David Forbes (County Finance Officer), **Peter Jones (Independent Advisor)**, Claire Machej (Accounting, Investment and Governance Manager); Jo Ray (Pension Fund Manager) and Emily Wilcox (Democratic Services Officer)

55 APOLOGIES FOR ABSENCE

There were no apologies for absence.

56 DECLARATIONS OF MEMBERS' INTERESTS

Mr A N Antcliffe declared an interest as a contributing member of the Fund.

57 MINUTES OF THE PREVIOUS MEETING HELD ON 10 JANUARY 2019

RESOLVED:

That the minutes of the meeting held on 10 January 2019 be approved as a correct record and signed by Chairman.

58 INDEPENDENT ADVISOR'S REPORT

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

One member questioned whether the UK had been stockpiling goods as a result of the Brexit uncertainty. The Independent Advisor was of the view that companies were stockpiling cars made by certain European car manufacturers, as well as a number of other goods.

RESOLVED:

That the report be noted.

**59      REPORT BY THE INDEPENDENT CHAIR OF THE LINCOLNSHIRE  
LOCAL PENSION BOARD**

Consideration was given to a report from the Independent Chairman of the Lincolnshire Local Pension Board, which provided an update on the work of the Pensions Board, which focussed on the following items:

- Backlog of leaver records
- Employer Monthly Submissions and Contribution Monitoring
- Data Scores
- Border to Coast Governance Review
- Border to Coast Joint Committee Scheme Member Representative.

The Chairman of the Committee was pleased that the Chairman of the Board was happy with the governance arrangements in place at Border to Coast Pensions Partnership (BCPP). The Committee Chairman is a member of BCPP Joint Committee and he commended the Officers who sat on the BCPP Officers Operations Group.

RESOLVED:

That the report be noted.

**60      PENSION FUND UPDATE REPORT**

*10:21 – Councillor P Key entered the meeting.*

Consideration was given to a report from the Pension Fund Manager, which provided an update on Fund matters over the quarter ending 31 December 2019, and any current issues within the Fund.

As agreed at the last meeting of the Committee, the Pension Fund Manager had now organised a visit to the Border to Coast offices to allow members of the Committee and Board to meet with the senior officers of Border to Coast. The visit would take place on Thursday 11 July 2019.

Members were also invited to provide any feedback on any training or conference events that they had attended since the last meeting of the Committee, which included the following:

- The Chairman highlighted some of the key themes following a recent LGPS Governance Conference, which he attended with the Pension Fund Manager.
- The Pension Fund Manager and the Accounting, Investment and Governance Manager had attended the LGC Investment Seminar, and highlighted the key themes from the conference.

- The Chairman and the Accounting, Investment and Governance Manager attended the LAPF Conference, and highlighted the key themes from the conference.

RESOLVED:

That the report be noted.

**61     PENSIONS ADMINISTRATION REPORT**

Consideration was given to a report from the Business Development Manager (WYPF), which provided an update on current administration issues within the Fund.

Members were referred to appendix 1 of the report for a full list of Current National LGPS Administration Issues.

RESOLVED:

That the report be noted.

**62     EMPLOYER MONTHLY SUBMISSIONS UPDATE**

Consideration was given to a report by the Accounting, Investment and Governance Manager, which provided up-to-date information on Employer Monthly Submissions for the third quarter of the financial year 2018/19.

The Committee were invited to consider whether there were any further actions they wished to take against employers submitting late or inaccurate payments or data.

Members were invited to ask questions, in which the following points were noted:

- It was explained that the number of schools converting to academies had generally reduced. Smaller schools converting tend to merge to multi-academy trusts due to the associated work and costs involved with becoming a single school academy.
- It was clarified that the fines made against employers were not meant to work as a deterrent, but rather an acknowledgement of the additional time taken by officers to rectify errors. Officers emphasised that they were keen to encourage employers to perform rather than punish them.
- The Committee were satisfied that at present, no further action be taken against employers submitting late or inaccurate payments or data.

RESOLVED:

1. That the report be noted;

2. That the Committee were satisfied that no further action be taken against employers submitting late or inaccurate payments or data.

#### 63 INVESTMENT MANAGEMENT REPORT

Consideration was given to a report by the Accounting, Investment and Governance Manager, which provided an update on the management of the Lincolnshire Pension Fund assets over the period of 1 October 2018 to 31 December 2018.

The report set out the Funding Level Update; Fund Performance and Asset Allocation; Hyman Robertson Manager Ratings; and Individual Manager Update.

Discussion was had about whether the cost of changing any managers at this point was worthwhile, given the upcoming transitions to Border to Coast. The Accounting, Investment and Governance Manager clarified that manager changes were not expected ahead of asset transitions to Border to Coast, however Officers were proactive and monitored the performance of the managers on a monthly basis, and would take appropriate action where needed and bring it to the attention of the Committee.

Members were then asked to consider whether they wished for officers to investigate the use of an Environmental, Social and Governance (ESG) focused index, in respect of the Fund's passive UK equity holdings.

The Committee were in agreement that they would like Officers to carry out such investigations and report findings back to the Committee.

#### RESOLVED:

1. That the report be noted;
2. That the committee wished for Officers to further investigate the use of an Environmental, Social and Governance focussed index, in respect of the Fund's passive UK equity holdings.

#### 64 VALUATION PROCESS

Consideration was given to a report by the Pension Fund Manager, which invited the Committee to consider and approve the process that the Fund's Actuary, in conjunction with Officers, was proposing to use for the 2019 Triennial Valuation.

Members were invited to ask questions, in which the following points were noted:

- The report only detailed the main assumptions that would have the biggest impact on the Fund. There were many other assumptions aside from these that were built into the valuation process.
- The impact of Brexit on markets had been raised as a concern and a potential risk by Officers.

RESOLVED:

1. That the report be noted;
2. That the committee approve the 2019 Valuation process.

65 LINCOLNSHIRE PENSION FUND POLICIES REVIEW

Consideration was given to a report by the Pension Fund Manager, which detailed the main policies of the Pension Fund for Review.

The Pension Fund Manager highlighted that the Pension Fund Code of Conduct and Conflicts of Interest policy had not been included within the recommendations contained within the report and wished to amend the recommendation to read as follows:

That the Board note the report and consider:

- 1) the Fund's Investment Strategy Statement (ISS);
- 2) the Fund's Communications Policy;
- 3) the Fund's Governance Compliance Statement;
- 4) the Fund's Stewardship Code Statement;
- 5) the Fund's Breaches Reporting Policy; and
- 6) the Fund's Code of Conduct and Conflicts of Interest Policy.

In response to a question, the Pension Fund Manager felt it was unlikely that Border to Coast's partner fund membership would increase in the future, but it was within the shareholders' remit to allow partner funds to enter and leave the pool company.

It was noted that there was the possibility of two of the Funds within the Border to Coast partnership merging, which would mean a slight increase in governance costs going forward (i.e. increased from one twelfth to one eleventh).

RESOLVED:

- 1) That the report be noted.
- 2) That the Committee approve the main policies of the Pension Fund, as set out above.

66 MHCLG STATUTORY GUIDANCE ON ASSET POOLING CONSULTATION

Consideration was given to a report by the Pension Fund Manager, which detailed the proposed response to the Government's draft statutory guidance on asset pooling that was currently under consultation.

The report requested that delegated authority was given to the Executive Director of Finance and Public Protection, in consultation with the Chairman and Vice Chairman

6

**PENSIONS COMMITTEE  
21 MARCH 2019**

of the Pensions Committee, to respond to the consultation following comments from the Committee.

In response to a question about local investment, the Pension Fund Manager explained that the Lincolnshire Pension Fund was a diversified Fund which invested globally. Following discussion about the Government's inclusion of housing within its definition of infrastructure, it was noted that the Pension Fund would consider investments in social or residential accommodation in future if they were seen as a good investment.

RESOLVED:

1. That the report be noted;
2. That the Committee agree to delegate authority for the Executive Director of Finance and Public Protection, in consultation with the Chairman and Vice-Chairman of the Pensions Committee, to respond to the consultation.

67 CONSIDERATION OF EXEMPT INFORMATION

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 Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

68 PENSIONS ADMINISTRATION SHARED SERVICE EXTENSION

Consideration was given to an exempt report by the Pension Fund Manager, which considered an extension of the Pensions Administration Shared Service.

RESOLVED:

That the recommendation contained in the exempt report be noted.

The meeting closed at 11.45 am