

Open Report on behalf of Executive Director of Finance and Public Protection

Report to:	Pensions Committee
Date:	13th July 2017
Subject:	Lincolnshire Pension Fund Policies Review

Summary:

This report brings to the Committee the main policies of the Pension Fund for review.

Recommendation(s):

That the committee note the report and approve:

- 1) the Fund's Communications Policy;
- 2) the Fund's Governance Compliance Statement;
- 3) the Fund's Stewardship Code Statement; and
- 4) the Fund's Breaches Reporting Policy.

Background

1. Under the various Local Government Pension Scheme Regulations, the Pensions Committee, as the Administering Authority of the Lincolnshire Pension Scheme, is required to produce and maintain a number of key policy documents. Policies are brought to the Committee annually, and the last comprehensive review of all such policies was in July 2016. This report presents the latest version of these policies for them to be formally endorsed by the Committee.

Policies for Approval

2. The key policies to be reviewed and approved are set out as Annexes to this report. Any significant changes will be brought to the Committee's attention and explained during the meeting.

Appendix A – Communications Policy

3. The Communications Policy sets out how the Fund intends to communicate with members, prospective members and employers, including the format, frequency and method of distributing any information or publicity. The Lincolnshire Pension Fund works with West Yorkshire Pension Fund to deliver the administration service to the scheme members and employers.

Appendix B - Governance Policy and Compliance Statement

4. The Governance Policy sets out the arrangements for the management of the Pension Fund, and the Compliance Statement sets out the extent that this policy complies with best practice, on a comply or explain basis.
5. Within the compliance statement, the areas where the Fund is only partially compliant are detailed below:
 - Principle A – Structure – (b) – the Committee does not include representatives for pensioner or deferred members.
 - Principle B – Representation – (a) - the Committee does not include representatives for pensioner or deferred members.
 - Principle E – Training/Facility Time/Expenses – (c) – the Committee has an annual training plan at Committee level, but not for individual members.
 - Principle H – Scope – (a) – The Committee does not have an independent observer for administration and governance issues.

Appendix C - Stewardship Code Statement

6. The Stewardship Code Statement sets out how the Lincolnshire Pension Fund complies with the Financial Reporting Council's (FRC) UK Stewardship Code. The Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. The Code sets out good practice on engagement with investee companies to which the FRC believes institutional investors should aspire and operates on a 'comply or explain' basis. Since September 2016 the FRC has rated all statements as either Tier 1 – fully meets the requirements of the Code, or Tier 2 – does not fully meet the requirements. Lincolnshire's statement has been rated as Tier 1.

Appendix D – Breaches Reporting Procedure

7. The Pension Regulator's Code of Practice requires all LGPS Funds to have a published procedure as to how breaches of the code will be dealt with and reported. The procedure details how individuals responsible for reporting and whistleblowing can identify, assess and report (or record if not reported) a breach of law relating to the Lincolnshire Pension Fund. It aims to ensure individuals responsible are able to meet their legal obligations, avoiding placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk.

8. Two important policies are not being reviewed at this time; the Funding Strategy Statement (FSS) and the Investment Strategy Statement (ISS). The FSS sets out the Fund's approach to managing its solvency and is generally updated every three years, in line with the Triennial Valuation. It is the framework that guides the Fund Actuary. The ISS (replacement of the Statement of Investment Principles) sets out the Committee's approach to the investment of the Fund's assets, in accordance with the guidance issued by the Secretary of State. Both strategies were approved at the March 2017 meeting of this Committee, to meet regulatory deadlines.

Conclusion

9. In accordance with the various Local Government Pension Scheme Regulations, the Fund has prepared a number of key policy documents. The Communications Policy, Governance Policy and Compliance Statement, Stewardship Code Statement and Breaches Reporting Procedure have been appended to this report for review and approval by the Pensions Committee.

Consultation

a) Have Risks and Impact Analysis been carried out?

Yes

b) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the author of this report.

Appendices

These are listed below and attached at the back of the report	
Appendix A	LPF - Communications Policy
Appendix B	LPF – Governance Compliance Statement
Appendix C	LPF – Stewardship Code Statement
Appendix D	LPF – Breaches Reporting Procedure

Background Papers

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