



PENSIONS COMMITTEE 4 JULY 2013

PRESENT: COUNCILLOR M G ALLAN (CHAIRMAN)

Councillors R J Phillips (Vice-Chairman), J W Beaver, N I Jackson, B W Keimach, Miss F E E Ransome, Mrs S Rawlins and A H Turner MBE JP

Added members: Mr A Antcliff, Mr J Grant, Councillor M Leaning

Officers in attendance:- Jo Ray (Group Manager – Pensions and Treasury), Nick Rouse (Investment Manager), Dave Vickers (Pensions Manager, Mouchel), Tony Warnock (Head of Finance (Children and Specialist Services)), Catherine Wilman (Democratic Services Officer)

1 APOLOGIES/REPLACEMENT MEMBERS

Apologies for absence were received from Councillor N I Jackson and Peter Jones, Independent Advisor.

2 DECLARATIONS OF COUNCILLORS' INTERESTS

Councillor M G Allan declared a personal interest in all items on the agenda as he was currently a contributing member of the Pension Fund as a North Kesteven District Councillor;

Councillor R J Phillips declared a personal interest in all items on the agenda as a member of the Upper Witham Internal Drainage Board;

Councillor Miss F E E Ransome declared a personal interest in item 6 on the agenda as an employee of HSBC;

Mr A Antcliff declared a personal interest in all items on the agenda as he was currently a contributing member of the Pension Fund as an employee of Lincolnshire County Council;

Mr J Grant declared a personal interest in all items on the agenda as the Chairman of the Witham Fourth Drainage Board, Boston;

Councillor M Leaning declared a personal interest in all items on the agenda as he was currently a contributing member of the Pension Fund as a West Lindsey District Councillor and as a member of the Witham Third Internal Drainage Board.

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3 MINUTES OF THE PENSIONS COMMITTEE HELD ON 11 APRIL 2013

RESOLVED

That the minutes of the meeting on 11 April 2013 be approved as a correct record and signed by the Chairman.

4 INDEPENDENT ADVISORS REPORT

Jo Ray, Group Manager - Pensions and Treasury took the Committee through the Independent Advisor's report.

It was requested that, in future reports, the Independent Advisor include a short forecast of what was expected in the markets.

RESOLVED

That the report be noted.

5 PENSION FUND UPDATE REPORT

Consideration was given to a report which aimed to give the Committee an overview of fund activity and a general update. Jo Ray took the Committee through the report and the following points were noted:

- Investments in renewable energies would sit in the alternatives portfolio and the decision on whether to change it would rest with Morgan Stanley;
- Councillor N I Jackson had been the Committee's representative on the Local Authority Pension Fund Forum during the last Council term and this would continue;
- Discussion took place regarding the investment in tobacco product manufacturers, which had also been discussed at previous meetings of the Committee. The Committee policy was not to disinvest in certain sectors on ethical, environmental or socially responsible grounds, but to address any concerns through the membership of LAPFF. The Fund's active manager would always look to invest in stocks that were sustainable over the long term;
- In relation to the Investment Consultancy services framework, it was agreed that Officers would undertake the call off process and bring a shortlist of consultants to a meeting of the committee to receive presentations and make an appointment;
- The dates for the LGA Fundamentals training had been released and the Committee was advised that, if it was necessary, overnight accommodation would be paid for.

RESOLVED

1. That the report be noted;

2. That the Investment Consultant call-off from the national LGPS Framework be progressed through Officers and the Committee receive presentations from the shortlisted consultants to make an appointment.

6 INVESTMENT MANAGEMENT REPORT

Consideration was given to a report presented by Nick Rouse which updated the Committee on the management of the Lincolnshire Pension Fund assets over the period from 1 January to 31 March 2013.

The Committee was asked to exclude Blackrock from the need to present to them as they managed a passive mandate that was performing exactly as required. This was agreed on the understanding that Officers would continue to monitor Blackrock's performance.

RESOLVED

- 1 That the report be noted;
- 2 That the exclusion of Blackrock from presenting to the Committee be agreed.

7 PENSION ADMINISTRATION REPORT

Consideration was given to a report by Dave Vickers the purpose of which was to update the Committee on current administration issues. During discussion of the item, the following points were noted:

- After the death of a member of the Fund, the pension administrators had a target of 5 days in which to write to the member's next of kin. Over the reporting period this had been adhered to, apart from two cases, where the task system had not been updated correctly to show that the tasks had actually been completed on time. Procedures had been amended to ensure that this did not reoccur;
- Information on deaths was acquired via a mortality bureau called Faraday on which data was checked on a monthly basis;
- Unclaimed pension lump sums remained in the fund until they were paid out.

RESOLVED

That the report be noted.

8 UK EQUITY PORTFOLIO ANNUAL REPORT

The Committee was taken through the annual report for the UK Equity Portfolio by Nick Rouse which was managed in-house. During presentation of the report, the following points were noted:

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- The portfolio was managed through the Bloomberg system which enabled officers to see live valuations during the day and monitor performance. The Committee was invited to see the system in action;
- Members were pleased with the performance of the portfolio during the past year and thanked the Pensions and Treasury team for their efforts.

RESOLVED

That the report be noted.

9 ANNUAL REPORT ON THE FUND'S PROPERTY INVESTMENTS

Consideration was given to a report which outlined the performance of the Fund's property and related investments for the year ended 31 March 2013.

It was noted that the table showing UK Commercial Property Investment returns to 31 March 2013 in the report, should show a figure of 7.5% Inception Annualised for Aviva.

Property had not performed well over the last few years, however it was a long term investment. Managers with the relevant areas of expertise were sought for property investments.

The Committee requested a glossary of terms and abbreviations which would be provided to them in due course.

RESOLVED

That the report be noted.

10 TRAINING POLICY AND ANNUAL COMMITTEE TRAINING PLAN

The Committee considered a report which set out the training policy and the annual training plan for Pensions Committee members for the meetings from July 2013 to April 2014.

The training requirement for members of the Pensions Committee was higher than that of other committees due to the level of risk involved in managing and making decisions relating to the Local Government Pension Scheme and in view of this, a training policy had been produced. The purpose of training was to ensure a collective understanding across the Committee.

If any members were unable to attend scheduled training sessions, one-to-one training was available from officers.

RESOLVED

That the report be noted.

11 PENSION FUND POLICIES REVIEW

A report was considered which brought to the Committee the main policies of the Pension Fund for review. The report recommended that the Committee agree the following policies:

- Statement of Investment Principles
- Governance Policy and Compliance Statement
- Communications Policy
- Stewardship Code Statement

The Public Services Pensions Act 2013 required a Pensions Board to be created for each LGPS Fund, with equal representation from both employees and employers. The Governance Policy and Compliance Statement would be updated to include this once LGPS Regulations had been produced. The Committee would be kept informed of progress.

RESOLVED

1. That the report be noted;
2. That the policies listed above be approved.

12 PENSION FUND RISK REGISTER

The Committee was presented with the Pension Fund Risk Register for annual review which was recommended for approval.

Issues were raised that Jo Ray was the owner of all the risks on the register, however the Committee were assured that despite this, there were other Officers able to take over management of risks should the need arise. In addition, the Committee were assured that none of the risks were time critical.

The risk register would return to a future meeting of the Committee in three months time.

RESOLVED

- That the risk register be agreed.

The meeting closed at 12.15 pm

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