

**PENSIONS COMMITTEE
 19 MARCH 2020**

PRESENT:

Councillors R D Butroid, Clio Perraton-Williams and Mrs S Rawlins.

Co-Opted Members: Steve Larter (Small Scheduled Bodies Representative)

Officers in attendance:-

David Hair (Member Services Manager) and Jo Ray (Head of Pensions).

55 ELECTION OF TEMPORARY CHAIRMAN

In the absence of the Chairman and Vice-Chairman of the Committee, the Member Services Manager called for nominations from the membership present to undertake the role of Chairman for this meeting only. Councillor R D Butroid was proposed and seconded. No other nominations were received.

On being put to the vote Councillor R D Butroid was unanimously elected as Chairman of the Committee for this meeting only.

COUNCILLOR R D BUTROID IN THE CHAIR

56 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors E W Strenziel (Chairman), P E Coupland (Vice Chairman), B Adams, P M Key and Dr M E Thompson.

Apologies were also received from Roger Buttery (Chairman of the Local Pension Board), Yunus Gajra (West Yorkshire Pension Fund), Peter Jones (Independent Advisor) and Clare Machej (Accounting, Investment and Governance Manager).

57 DECLARATIONS OF MEMBERS' INTERESTS

Mr S Larter (Small Scheduled Bodies Representative) declared that he was a deferred member of the Fund.

58 MINUTES OF THE PREVIOUS MEETING HELD ON 9 JANUARY 2020

RESOLVED

That the minutes of the meeting held on 9 January 2020 be signed by the Chairman as a correct record.

59 INDEPENDENT ADVISOR'S REPORT

The Committee received a report which provided a market summary on the current state of global investment markets. In the absence of the Independent Advisor, the Head of Pensions provided an update to the Committee.

The current volatility within the financial markets due to the coronavirus was highlighted along with the potential negative impact this could have on the pension fund. It was highlighted that the financial year end was imminent and guidance was anticipated from actuaries in relation to end of year reporting.

RESOLVED

That the updated be noted.

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

Consideration was given to a report which updated the Pension Committee on the work of the Lincolnshire Local Government Pension Board during the past few months; provided assurances from the Pension Board; and allowed the Committee to consider recommendations from the Pensions Board.

In the absence of the Chairman of the Lincolnshire Local Pension Board, the Head of Pensions presented the update to the Committee. The update focused on three key issues: employer monthly submissions and contribution monitoring; data scores; and pension benefits in suspense. The Board had obtained some assurance in relation to these issues although it was highlighted that the completeness of data scores remained a concern and the Committee was advised that the West Yorkshire Pension Fund was currently working on a data improvement plan. The Board would continue to monitor the position as the Pension Regulator expected an improvement in data quality for all public sector schemes.

RESOLVED

That the report be noted.

61 PENSION FUND UPDATE REPORT

Consideration was given to a report, presented by the Head of Pensions, which updated the Committee on the pension fund over the quarter ending 31 December 2019. Recent significant stock market falls and reductions in gilt yields were highlighted and discussed. The Committee was advised that it was anticipated that the long-term nature of the fund would be able to absorb the short-term volatility that was currently being experienced.

The Committee's attention was drawn to section 7 of the report relating to the actuarial services appointment. At the July 2019 meeting the Committee had agreed

to extend the actuarial services contract by ten months to 31 October 2020 to allow completion of the 2019 triennial valuation and the 2020 accounting reports. The Committee was advised that it was intended to 'call-off' from the National Local Government Pension Scheme Actuarial Framework, which was currently being refreshed. It was hoped appointments to the Framework would be made by mid-July and that the Fund would complete its appointment process in October. Prior to that, and to ensure a robust 'call-off' process it was recommended that a working group drawn from officers and members of the Committee should be created to progress the appointment. The Head of Pensions advised that she would contact officers and members of the Committee outside of the meeting to seek volunteers to sit on the working group.

RESOLVED

That the report be noted and the creation of a working group of officers and volunteers from the Pensions Committee to consider the actuarial appointment be approved, and following due process, recommend an appointment to the October meeting of the Pensions Committee.

62 PENSIONS ADMINISTRATION REPORT

Consideration was given to the quarterly report by the Fund's pensions administrator, the West Yorkshire Pension Fund. In the absence of Business Development Manager from the West Yorkshire Pension Fund, the Head of Pensions presented the quarterly report. The report provided information on performance and benchmarking; scheme information; member and employer contact; internal disputes resolution procedures; and an administration update.

RESOLVED

That the report be noted.

63 EMPLOYER MONTHLY SUBMISSIONS UPDATE

Consideration was given to a report which provided the Committee with up to date information on Employer Monthly Submissions for the third quarter of the financial year 2019/20 (October to December 2019). The Committee was advised that during the quarter no fines had been issued, which was considered to be very positive news and was welcomed by the Committee.

RESOLVED

That the report be noted and no further actions were required at this time.

64 INVESTMENT MANAGEMENT REPORT

The Committee considered a report detailing the management of the Lincolnshire Pension Fund assets over the period from 1 October to 31 December 2019. In

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considering the report the Committee recognised that this was a 'snapshot' in time and that due to the outbreak of the coronavirus the state of the fund would now be considerably different.

RESOLVED

That the report be noted.

65 LINCOLNSHIRE PENSION FUND - FUNDING STRATEGY STATEMENT
AND 2019 VALUATION REPORT

Consideration was given to a report which brought the Funding Strategy Statement and the draft 2019 valuation report to the Committee for approval. The report was presented by the Head of Pensions who highlighted the considerable amount of work undertaken by colleagues with the Council's Pension Team to compile the valuation report. The Committee's attention was drawn to the Lincolnshire Pension Fund – Draft Funding Strategy Statement at Appendix A to the report and the Draft 2019 Valuation Report and Employer Contribution Rates at Appendix B. It was highlighted that the Funding Strategy Statement (FSS) had been sent to all employers in the fund for consultation in mid-November 2019 and no feedback had been received. It was also noted that in relation to the FSS some information was still awaited concerning a comment on the March 2020 position, the date of the final Valuation report and Appendix 4, which was the Government Actuary's Department Section 13 dashboard. The outstanding information would be inserted before the report was published ahead of the 31 March 2020 deadline.

RESOLVED

That the Funding Strategy Statement and the 2019 Valuation report be approved.

66 LINCOLNSHIRE PENSION FUND POLICIES REVIEW

The report presented by the Head of Pensions brought forward the main policies of the Lincolnshire Pension Fund for review by the Committee. These policies were brought to the Committee on an annual basis for endorsement. The Committee's attention was drawn to the Stewardship Code Statement and to a substantial revision to the 2012 Code, which came into effect from 1 January 2020. The Committee was advised that officers would review the new requirements, update the current Stewardship Code Statement for the financial year to 31 March 2021, to meet the deadline of June 2021.

RESOLVED

That the following policies be approved:

- 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 Breaches Reporting Policy; and

5) The Fund's Code of Conduct and Conflicts of Interest

67 ANNUAL REPORT AND ACCOUNTS 2019/20: REVIEW OF ACCOUNTING POLICIES

The Committee considered a report entitled Annual Report and Accounts 2019/20: Review of Accounting Policies. The Committee was advised that this was the first time that the Statement of Accounting Policies had also been brought to the Committee for approval. Within the Statement of Accounting Policies for 2019/20 it was highlighted that there had been a few minor amendments to the accounting policies in relation to Investment Management Expenses; the Border to Coast shareholding valuation; and clarification on the valuations used within the financial statements for private equity, property venture and infrastructure.

The Committee discussed the challenges of finalising the accounts given the current circumstances and whether there might be some relaxation of time scales by Government as a consequence. It was also observed that unquoted stocks might prove harder to value and that additional notes to the accounts may be required. The Committee would be kept updated on a regular basis.

RESOLVED

- (1) That the changes required to the Statements of Accounts from the Code of Practice 2019/20 be noted;
- (2) That it be noted that no amendments to the Accounts and Audit Regulations 2015 had been made this year; and
- (3) That the Statement of Accounting Policies (Appendix B) to use in preparing the Local Government Pension Scheme (LGPS) Pension Fund accounts for the financial year ending 31 March 2020 be approved.

68 LINCOLNSHIRE PENSION FUND - BUSINESS PLAN 2020/21

Consideration was given to a report regarding the Lincolnshire Pension Fund – Business Plan 2020/21. The Committee was advised that this was the first time that such a Business Plan has been prepared and presented to Committee. The Business Plan set out the aims and objectives of the fund over the coming year, its core work and how the objectives would be achieved.

RESOLVED

That the Lincolnshire Pension Fund Business Plan 2020/21 be approved.

69 EXCLUSION OF PRESS AND PUBLIC

RESOLVED

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That under Section 100(A) 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 it is considered to contain exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

70 PROPERTY INVESTMENT

RESOLVED

That this agenda item be deferred to a future meeting of the Committee.

The meeting closed at 10.30 am.