

PRESENT:

Independent Chair: Roger Buttery

Employer Representatives: Councillor and Gerry Tawton

Scheme Member Representatives: David Vickers

Councillors: attended the meeting as observers

Officers in attendance:-

Robert Close (Democratic Services Officer), Andrew Crookham (Executive Director Resources), Michelle Grady (Assistant Director – Finance) and Claire Machej (Accounting, Investment and Governance Manager)

15 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor M A Whittington.

16 DECLARATIONS OF INTEREST

Mr Gerry Tawton declared that his wife was a deferred member of the Pension Fund.

17 MINUTES OF THE PREVIOUS MEETING HELD ON 15 JULY 2021

During consideration of the minutes from the previous meeting held 15 July 2021, the following update was received.

- The Chairman advised that he had shared the deep dive into Border to Coast report with other partner fund Pension Board chairmen, however further discussions hadn't taken place due to limited interest.

RESOLVED

That the minutes of the meeting held on 15 July 2021 be approved as a correct record.

18 BORDER TO COAST PENSIONS PARTNERSHIP - GOVERNANCE PRESENTATION AND ANNUAL REPORT AND ACCOUNTS

Mr Andrew Stone, Border to Coast, presented an overview of Border to Coast Partnership Ltd. Including detail of its vision, governance arrangements, key personnel, investment programme, wider corporate development programme, Lincolnshire's current investments, potential future investments, responsible investment strategy and an update on pooling savings.

In response to questions, the following comments were made:

- Staffing budget and resources was agreed with shareholders with discussions with Section 151 officers. Appointments weren't made on a role by role basis; budgets were set in anticipation of resource demand.
- An Asset Management Change (AMC) would likely be introduced in 2022 as a way for fairly splitting costs between different partner funds. Changes were currently made based on what partner funds state as their intentions. It was appreciated however that, as Border to Coast were not a profit making company, an AMC would have to be carefully designed and closely monitored.
- Figures were available which detailed the cost savings for each individual fund. In addition, pooling offered the opportunity to cross trade with other partner funds, something that Lincolnshire had recently benefitted from. Comparisons were taken from legacy management costs identified prior to pooling. By employing a non-commercial asset manager, a number of fees could be removed.
- The general partners were set up with the intent of making investments in private markets; Lincolnshire hadn't been included in the list as investments hadn't yet been made into alternatives. A general partners set up for Lincolnshire was expected to be identifiable in the next tax year.
- Regulator share capital was calculated at the specific value of the company. Subsequent investments made have further increased that value.
- Lincolnshire County Councillors wouldn't be nominate for a Non-Executive Director (NED) positions as, in consultation with the Executive Director – Resources and the Monitoring Officer, it was considered that an Elected Member could have a conflict of interest between acting in the best interest of the company as board members with their responsibilities as an Elected Member.

RESOLVED

That the report and presentation be noted.

A report was submitted to the Board on various Pension Fund matters for the quarter 30 June 2021. These matters included The Pensions Regulator (TPR) Checklist Dashboard and Code of Practice, Breaches Register Update, Risk Register Update and an Asset Pooling Update.

In response to questions, the following comments were made:

- TPR hadn't been forthcoming with their action plan to address the deficiency in Prudential's service delivery. No response had been received from Prudential for four weeks. Improvements were noticed and the impact to scheme members had been limited. West Yorkshire Pension Fund had ensured no financial difficulty had been noticed by scheme member and had paid out portions of lump sums while waiting for Prudential to deliver their side. Following the SCT AGM, a joint communication from the Chairmen of a collection of pension funds would be sent to TPR expressing disquiet with Prudential.
- The reports put forward to TPR indicated that the fundamental system failures with Prudential. In response. Prudential stated that the dates allocated were what were previously agreed anyway resulting in no member suffering any detrimental impact.
- The impact from Prudential hadn't been included on the risk register as a red risk as it wasn't considered to be a material issue. Only 800 of the 25,000 members had AVCs, therefore the impact was very small. The Board

RESOLVED

1. That the Board recommend to the Pensions Committee that they include the risk from Prudential's payment deficiency on the risk register.
2. That the Chairman of the LGPS Pensions Board and the Executive Director – Resources liaise their discontent to the SCT.
3. That the report be noted.

20 RESPONSIBLE INVESTMENT UPDATE

A report was submitted to the Board which gave an update on Responsible Investment activity during the first quarter of the financial year 2021/22.

RESOLVED

That the report be noted.

21 PENSIONS ADMINISTRATION REPORT

The Head of Governance and Business Development from the West Yorkshire Pension Fund reported on the Fund's key performance and benchmarking for the period 1 April 2021 to 30 June 2021.

In response to questions, the following comments were made:

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- A report was being undertaken to identify the engagement with pension statements from scheme members. Currently, it was only scheme members' login times available, not the pages visited. Further work was being done to provide further data. Scheme members were encouraged to sign up to MyPensions through newsletters.
- Of those eligible to receive a benefit statement, 99.9% had been issued.

RESOLVED

That the report be noted.

22 TEMPORARY BANK ACCOUNTS

A report by the Head of Governance and Business Development from the West Yorkshire Pension Fund updated the Board on the number of temporary bank accounts created by the Fund to hold monies due to beneficiaries of the scheme.

RESOLVED

That the report be noted.

23 TRANSFERS OUT

A report by the Head of Governance and Business Development from the West Yorkshire Pension Fund updated the Board on the West Yorkshire Pension Fund Transfers Out system.

In response to questions, the following comments were made:

- An Internal Disputes Resolution Procedure (IDRP) had been commenced for a scheme member who felt that they shouldn't have been allowed to transfer out, however all necessary checks had been done. Ultimately confirming the transfer out was appropriate.
- All requests for transfers out were taken very seriously and appropriate due diligence and pattern recognition was exercised.

RESOLVED

That the report be noted.

24 EMPLOYER MONTHLY SUBMISSIONS UPDATE

This paper provides the Board with up-to-date information on Employer Monthly Submissions for the first quarter of the financial year 2021/22 (April to June inclusive).

RESOLVED

That the report on the employer monthly submissions for the first quarter of the financial year 2020/21 be noted.

25 ANNUAL REPORT AND ACCOUNTS 2020/21: EXTERNAL AUDIT UPDATE REPORT

Consideration was given to a report which offered an update of the audit work outstanding and findings from the work completed to date undertaken by the Council's External Auditors, Mazars, in giving their opinion on the Pension Fund Accounts and Annual Report.

(Reasons for delay in Audit Statement)

In response to questions, the following comments were made:

- Valuations were prepared on a set of accounts on whatever date their year end, or quarter end, date was before being rolled forward for cash flow that point in time. The accounts prepared for the 31st March would be based on valuations from 31st December rolled forward. Upon review £34 million had been added to the asset value of the accounts by Mazars.
- A decision for the Audit Committee, and subsequently Council, was on the horizon to determine if Lincolnshire County Council intended to be part of the national procurement process as part of public sector procurement process. The vast majority of the local government audit market was covered by a very limited amount of providers.

26 TRAINING NEEDS

The Board considered the standard report on its training needs.

RESOLVED

That the report on the Board's training needs be noted.

27 WORK PROGRAMME

A report on the Board's work programme was submitted, which presented the items for consideration at future meetings.

RESOLVED

That the report on the work programme be approved.

27a CONSIDERATION OF EXEMPT INFORMATION

In accordance with Section 100 (A)(4) of the Local Government Act 1972, agenda item 9 has not been circulated to the press and public 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

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Government Act 1972, as amended. The press and public may be excluded from the meeting of the consideration of this item of business.

28 INVESTMENT CONSULTANT TENDER AND APPOINTMENT RECOMMENDATION

Consideration was given to a report which summarises the recent Investment Management Consultancy Services tender exercise undertaken and provided a recommendation for the appointment commencing 1st January 2022.

RESOLVED

That the report be noted.

29 INTERNAL AUDIT OF LINCOLNSHIRE AND WEST YORKSHIRE PENSION FUNDS

Consideration was given to a report updated the Board on the internal audits that had been undertaken over the past year on the Lincolnshire Pension Fund and on the administration service provided by West Yorkshire Pension Fund.

RESOLVED

That the report be noted.

The meeting closed at Time Not Specified