

PRESENT:

Independent Chair: Roger Buttery

Employer Representatives: Councillor M A Whittington and

Scheme Member Representatives: Kim Cammack and David Vickers

Officers in attendance:-

Debbie Bowring (Principal Risk Officer), Claire Machej (Accounting, Investment and Governance Manager), Michelle Grady (Assistant Director – Finance) Jo Ray (Head of Pensions) and Emily Wilcox (Democratic Services Officer),

Others in attendance:

Melanie Durante (Barnett Waddingham) and Matthew Mott (West Yorkshire Pension Fund)

58 APOLOGIES FOR ABSENCE

An apology for absence was received from Gerry Tawton.

59 DECLARATIONS OF INTEREST

Councillor M A Whittington declared that his spouse was in receipt of a pension from the Fund.

60 MINUTES OF THE PREVIOUS MEETING HELD ON 17 MARCH 2022

The fourth bullet point of minute 45 was amended to read:

- The Board were keen to see the Risk Manager attend a future meeting of the Board to provide more information to the Board on how the Fund is recording and managing risk.

In relation to the minutes, the following points were noted:

- Minute 49 – contact with beneficiaries who had not claimed their benefits was due to commence in August 2022, covid permissions permitting.

RESOLVED:

That the minutes of the meeting held on 17 March 2022 be approved as a correct record, subject to the above amendment and signed by the Chairman.

61 PENSION FUND UPDATE REPORT

Consideration was given to a report by the Head of Pensions, which provided an update on Fund matters for the quarter ending 31 March 2022, including updates on TPR Checklist Dashboard and Code of Practice; Breaches Register Update; Risk register Update; Asset Pooling Update; Internal Audits and the PLSA Research report.

Consideration was given to the report and during the discussion the following points were noted:

- The Board congratulated the Head of Pensions for her appointment onto the PLSA Local Authority Policy Committee.
- A timeline of work had not been developed against the recommendations proposed in the PLSA report. It was hoped that the report would encourage collaborative work between the PLSA, Central Government and other stakeholders to form solutions and proposals to the key issues identified within the report.
- The joint committee had discussed investments in China at their recent meeting. Prior to the joint committee meeting, Lincolnshire and two other Funds had expressed their concerns over investing in China.
- It was usual practice for officers and advisers of all Funds to be consulted with prior to Border to Coast Board decisions being made.
- The Board noted the discussion held at the Pensions Committee on the manager monitoring and risk analysis undertaken at Border to Coast on any investment in China, should they invade Taiwan.

RESOLVED:

That the report be noted.

62 RESPONSIBLE INVESTMENT UPDATE REPORT

Consideration was given to a report by the Accounting, Investment and Governance Manager, which provided an update on Responsible Investment activity within the Local Authority Pension Fund Forum, Border to Coast Pensions Partnership, Robeco, Legal and General Investment Management; an update on voting and an overview of the review of Legal and General Investment Management – Responsible Investments Oversight report.

The Board were reassured to see a level of challenge evident within the Border to Coast proxy voting report.

RESOLVED:

That the report be noted.

63 PENSIONS ADMINISTRATION REPORT

Consideration was given to a report by the Governance and Business Development Manager - West Yorkshire Pension Fund, which provided an update on the Fund's current administration issues including performance and benchmarking; scheme information; member and employer contact; the internal dispute and resolution procedure; an administration update; current technical issues; web registrations the shared service budget and awards.

Consideration was given to the report and during the discussion the following points were noted:

- Administration costs of £0.16m had been allocated to software changes needed as a result of the McCloud ruling.
- The importance of having effective and suitable KPI's was emphasised. A review of KPI's had commenced and would consider comparisons of standards within other Funds.
- Recruitment was progressing. It was suggested that offering a more flexible approach to home working may help with recruitment issues. Most WYPF employees had adopted a hybrid approach to home/office working.
- It was acknowledged that data for some KPIs could be misleading, such as the average of 47 days to process death in service payments despite only one case having not met the target of 10 days.
- Around 14,000 Lincolnshire scheme member had been identified as being in scope to benefit from the McCloud ruling. Once the necessary calculations had been made, it was hoped that communications would be made with the beneficiaries by October 2023.

RESOLVED:

That the report be noted.

64 DATA QUALITY REPORT

Consideration was given to a report by the Governance and Business Development Manager - West Yorkshire Pension Fund, which provided an update on the data quality scores for Lincolnshire Pension Fund including the data improvement plan.

Consideration was given to the report and during the discussion the following points were noted:

- Discussion was had on the commutation assumption. There were many reasons why scheme members chose not to take a lump sum, but it was not thought to be due to the low commutation rates. Reassurance was provided that scheme members received all information necessary to make an informed decision on how they would withdraw their pension at the time of retirement. In addition, information to members was also provided each year on their annual benefit statement.

RESOLVED:

That the report be noted.

65 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 including late contributions and data submissions and late contribution fines.

The Board were encouraged that there had not been any fines issues within the period which reflected the work carried out by officers.

RESOLVED:

That the report be noted.

66 2022 TRIENNIAL VALUATION ASSUMPTIONS

Consideration was given to a report which set out the proposed approach for setting the assumptions that the Fund's Actuary, Barnett Waddingham would use for the 2022 Triennial Valuation.

The Head of Pensions introduced the Fund Actuary – Barnett Waddingham who presented the proposed approach for setting the assumptions for the 2022 Triennial valuation, as set out in the presentation.

Consideration was given to the presentation and during the discussions the following points were noted:

- Barnett Waddingham held the statutory responsibility to set the valuations assumptions, however the Pensions Committee and Fund would need to be comfortable with the process used and understand the reasoning behind it.
- The Board acknowledged the importance of maintaining longer term stability within the Fund. Although funding was currently at 100%, the level of funding was likely fluctuate between each valuation and that stability of employer rates was important. The Board was assured that employers received an explanation for how their rates were set.

RESOLVED:

That the report be noted.

15:44 – the meeting was adjourned for a short break.

15:55 – the meeting reconvened.

67 RISK REGISTER ANNUAL REVIEW

Consideration was given to a report by the Head of Pensions, which presented the Fund's risk register and risk management policy to the Board.

The Head of Pensions then introduced the Principal Risk Officer, who outlined the process of managing the Council's risk register, highlighting that only risks which were a threat to achieving objectives were required to be documented.

Consideration was given to the report and during the discussion the following points were noted:

- It was questioned whether further assurance was required for the risk 'Failure to ensure that the Committee's knowledge and understanding of pensions related activities is robust and meets all statutory requirement' given the low attendance rates at recent Pensions Committees. Assurance was provided that a review of the structure of the Pensions Committee was scheduled which would consider whether the make up of membership was appropriate.
- It was recognised that the training requirements for members of the Pensions Committee were ongoing and training could be time consuming. The Head of Pensions would work with Democratic Services to ensure that all future Local Authority representatives on the Committee could commit to the training expectations outside of meetings.
- The Board accepted the offer to be subscribed to the Hymans online learning academy training programme.
- The Board acknowledged that 'the loss of key staff and loss of knowledge and skills' would likely always be a risk due to Pensions being a technically specialised area with a small team of staff in the council.
- The difficulties of recruiting specialist staff were acknowledged and recognised as a wider national issue for specialist areas.
- Local Government Pensions Scheme funds were working collaboratively to continue to educate and advocate to central government on the views of LGPS Funds.

RESOLVED:

That consideration be given to the comments made in relation to the risk management policy and risk register.

68 ANNUAL REPORT AND ACCOUNTS 2021-22: DRAFT ANNUAL REPORT AND ACCOUNTS

Consideration was given to a report by the Accounting, Investment and Governance Manager, which invited the Board to review the draft Annual Report and Accounts for the Fund.

Consideration was given to the report and during the discussion the following points were noted:

- Primary rates of pay would be reviewed at the time of an employer entering the fund and every three years through the valuation process. There were flexibilities for employers wanting to leave the scheme.
- Employers joining the Fund would be subject to a pass-through arrangement when setting their contribution rates.
- Flexibility could be granted for existing employers which would consider the possibility of gradually increasing rates rather than a sudden significant increase.
- No changes had been made to accounting standards. It was noted that the statutory date for signing off accounts had moved from September to November to allow auditors more time to carry out their work.
- Auditors planned to carry out more in-depth work on audit control reports received from investment managers.
- The Board commended officers on the production of the annual report and accounts.

RESOLVED:

That the Annual Report and Accounts be noted.

69 TRAINING NEEDS

Consideration was given to a report by the Accounting, Investment and Governance Manager, which invited the Board to review its training needs.

The Board was advised that the Pensions Committee had voted to adopt Hymans Robertson's LGPS Online Learning Academy which would be used to support the training needs of the Pensions Committee and the Board.

The Board members present provided feedback on training events that they had recently attended. The slides from the CIPFA conference would be circulated to all members of the Board.

Following a question by a member of the Board, the Head of Pensions agreed to investigate whether Board members were legally insured against any recommendations made to the Pensions Committee.

RESOLVED:

That the updates be noted.

70 WORK PROGRAMME

Consideration was given to a report by the Accounting, Investment and Governance Manager which provided an opportunity for the Board to review its work programme, as set out at Appendix A.

To avoid duplication, it was agreed that the Internal Audit Report Review scheduled for 22 September 2022 be removed from the work programme.

It was suggested that the Board review and prioritise possible items for inclusion in the future work programme in advance of the meeting in September.

RESOLVED:

That the work programme be noted.

The meeting closed at 5.02 pm