



County Offices
Newland
Lincoln
LN1 1YL

24 December 2021

Pensions Committee

A meeting of the Pensions Committee will be held on **Thursday, 6 January 2022** in the **Council Chamber, County Offices, Newland, Lincoln LN1 1YL** at **10.00 am** for the transaction of business set out on the attached Agenda.

Yours sincerely

A handwritten signature in black ink that reads 'Debbie Barnes'. The signature is written in a cursive, flowing style.

Debbie Barnes OBE
Chief Executive

Membership of the Pensions Committee
(8 Members of the Council and 3 Co-Opted Members)

Councillors E W Strengeil (Chairman), P E Coupland (Vice-Chairman), M G Allan, M A Griggs, Mrs A M Newton MBE, S R Parkin, T Smith and Dr M E Thompson

Co-Opted Members

Mr A N Antcliff, Employee Representative
Steve Larter, Small Scheduled Bodies Representative
Councillor R Waller, District Council Representative

**PENSIONS COMMITTEE AGENDA
THURSDAY, 6 JANUARY 2022**

Item	Title	Pages
1	Apologies for Absence	
2	Declarations of Members' Interests	
3	Minutes of the previous meeting held on 16 December 2021	5 - 12
4	CONSIDERATION OF EXEMPT INFORMATION In accordance with Section 100 (A)(4) of the Local Government Act 1972, agenda items 5 and 6 have not been circulated to the press and public on the grounds that they are considered to contain exempt information as defined in paragraph 3 of Part 1 of Schedule 12 A of the Local Government Act 1972, as amended. The press and public may be excluded from the meeting for the consideration of these item's of business.	
5	Manager Presentation - Legal and General Investment Management - Future World Fund <i>(To receive an exempt report and presentation from Legal and General Investment Management on the Future World Fund)</i>	13 - 54
6	Manager Presentation - Border to Coast Pensions Partnership <i>(To receive an exempt report and presentation from the Border to Coast Pensions Partnership)</i>	55 - 112

Democratic Services Officer Contact Details

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Please Note: for more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting

- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details set out above.

Please note: This meeting will be broadcast live on the internet and access can be sought by accessing [Agenda for Pensions Committee on Thursday, 6th January, 2022, 10.00 am \(moderngov.co.uk\)](https://www.lincolnshire.gov.uk/agenda-for-pensions-committee-on-thursday-6th-january-2022-10.00-am)

All papers for council meetings are available on: <https://www.lincolnshire.gov.uk/council-business/search-committee-records>

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**PENSIONS COMMITTEE
16 DECEMBER 2021**

PRESENT: COUNCILLOR E W STRENGIEL (CHAIRMAN)

Councillors M G Allan, M A Griggs, Mrs A M Newton MBE, T Smith and Dr M E Thompson

Co-Opted Members: Mr A N Antcliff (Employee Representative), Steve Larter (Small Scheduled Bodies Representative) and Councillor R Waller (District Council Representative)

Councillors: Roger Buttery, Gerry Tawton and David Vickers attended the meeting as observers

Officers in attendance:-

Lisa Darvill (Client Relationships Manager, West Yorkshire Pension Fund), Joshua Drotleff (Finance Technician), Yunus Gajra (Assistant Director (Finance, Administration and Governance), West Yorkshire Pension Fund), Peter Jones (Independent Advisor), Claire Machej (Accounting, Investment and Governance Manager), Matthew Mott (Governance and Business Development Manager, West Yorkshire Pension Fund), Jo Ray (Head of Pensions) and Rachel Wilson (Democratic Services Officer)

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor P E Coupland and Councillor S R Parkin.

An apology for absence was also received from Andrew Crookham, Executive Director – Resources.

2 DECLARATIONS OF MEMBERS' INTERESTS

Steve Larter (Small Scheduled Bodies Representative) declared an interest as an active and deferred member of the Pension Fund.

Councillor R Waller (District Council Representative) declared an interest as his daughter and her partner were a member of the Pension Fund.

Andy Antcliff (Employee Representative) declared an interest as a contributing member of the Pension Fund and an employee of Lincolnshire County Council.

Councillor M G Allan declared an interest as a member of the Pension Fund.

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3 MINUTES OF THE PREVIOUS MEETING HELD ON 14 OCTOBER 2021

RESOLVED:

That the minutes of the meeting held on 14 October 2021 be approved as a correct record and signed by Chairman.

4 INDEPENDENT ADVISOR'S REPORT

Consideration was given to a report by the Committee's Independent Advisor which provided a market commentary on the current state of global investment markets.

The Committee's Advisor informed the Committee that there had been an increase in the UK bank's base rate that day and was unsure how markets were reacting to that news. However, since the Committee last met in October, the equity markets around the world remained relatively unchanged with the exception of the US which was up 5%. It was also noted bond markets were a little higher which meant that yields were a little lower.

The Committee were also informed of the recent figures in relation to inflation, in the US this was 7%, in the UK CPI was 5% and RPI was 7% and in Europe most were at around 5%, although there were a couple of countries that were lower. He explained to the Committee the 'Rule of 70' and how inflation would impact on the value of money. Members were advised that it could be safely assumed that markets expected inflation to fall, and this could be seen from online forecasts. The Advisor was of the opinion that these forecasts were largely correct.

The factors and component parts that were taken into account when inflation was calculated were explained and it was noted that when some of these factors were looked at individually, it could be seen that a fall in inflation was plausible.

In terms of interest rates, it was reported that the central banks were meeting during this week, and it was noted that the Bank of England had increased interest rates that day, and the Federal Reserve had indicated that it would increase rates three times in 2022.

In conclusion, it was commented that it was thought the central banks would still be very cautious about taking any action, as they would fear impacting the global economic recovery, and it was thought that equities would stay firm.

It was queried whether the rises in inflation would have an impact on the payments out of the Pension Fund. Members were advised that the Fund was currently in surplus, however, the long term inflation assumptions were part of the valuation process that took place every three years, setting the required contribution rates for employers, to ensure that benefit payments could be paid. It was noted that the Pension Fund was a long-term investment and some of the pensions being built up now would not be paid out for 40 years or longer, and also members were reminded that it was an open scheme and new members were continually joining the Fund.

RESOLVED

That the update be noted.

5 REPORT BY THE INDEPENDENT CHAIR OF THE LINCOLNSHIRE LOCAL PENSION BOARD

Consideration was given to a report by the Independent Chair of the Lincolnshire Local Pension Board which updated the Pensions Committee on the work of the Board during the past few months. During the last meeting, the Board focused on the Border to Coast Pensions Partnership, Internal Audits of Lincolnshire and West Yorkshire Pension Funds, External Audit, Prudential AVC's and Annual Benefit Statements.

It was noted that concerns about Mazars, the External Auditors, were also shared by the Pensions Committee, following the delay to the sign off the Accounts. It was noted that this would also be covered under agenda item 12.

RESOLVED

That the report be noted.

6 PENSION FUND UPDATE REPORT

Consideration was given to a report which updated the Committee on Fund matters for the quarter ending 30 September 2021 and any other current issues. Members were guided through the report and the following was noted:

- The Chairman had attended the LAPFF Conference in Bournemouth on 9 and 10 December 2021. He reported that it had been a very good conference and about 150 people were in attendance. It was noted that this conference was not just open to chairmen, but any member of the Pensions Committee was able to attend.
- It was queried whether the authority had achieved any financial benefits from asset pooling. It was noted that a lot of work had been done in relation to the net savings, and some of the funds in Border to Coast had not yet made any savings and would not make any for a number of years. However, it was highlighted that Lincolnshire was in a net savings position, of around £3.5m as reported in the Fund's Annual Report. It was noted that regular reporting to central government on costs and savings took place.
- The Fund Performance at paragraph 1.4 was highlighted to the Committee.

RESOLVED

1. That the report be noted.
2. That the addition to the risk register detailed in Section 4 of the report be approved.

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7 RESPONSIBLE INVESTMENT UPDATE

Consideration was given to a report presented by the Accounting, Investment and Governance Manager which provided the Committee with an update on Responsible Investment activity during the second quarter of the financial year 2021/22 (July to September inclusive). Members were guided through the report, with attention drawn to sections on the Local Authority Pension Fund Forum, Border to Coast Pensions Partnership activity, Robeco activity, and voting.

RESOLVED

That the Responsible Investment activity undertaken during the quarter be noted.

8 PENSIONS ADMINISTRATION REPORT

Consideration was given to a report presented by the Fund's pension administrator, West Yorkshire Pension Fund (WYPF). The Assistant Director (Finance, Administration and Governance) from WYPF updated the committee on current administration issues. Members were guided through the report, with particular attention drawn to sections on Performance and Benchmarking, Scheme information, Member and Employer Contact, Internal Disputes Resolution Procedures, Administration Update and Web Registrations.

At the previous meeting of the Committee, it was requested that a staff structure chart be included with the next report, and this was attached as Appendix B to the report. It was noted that there were a number of Pensions Officer vacancies, and the Committee was informed that these were additional posts that were being recruited to.

In terms of taking on other Pensions Schemes, the Committee was advised that this would be reviewed regularly and shared service partners would be consulted on whether additional business was taken on.

RESOLVED

That the report be noted.

9 DATA QUALITY REPORT

Consideration was given to a report which updated the Committee on the data quality scores for Lincolnshire Pension Fund which were reported to The Pensions Regulator each year in November. Members were guided through the report with particular focus on TPR Requirements, Common Data, Scheme Specific (Conditional) Data, Data Scores, how data scores were calculated and measured, Data Issues, and the Data Improvement Plan. It was highlighted that The Pensions Regulator recognised that no scheme would achieve 100% for data scores, but where data was not 100% it was expected that there would be a data improvement plan in place.

In relation to the data quality, it was commented that the improvements that were needed did not seem to be taking place yet, and it was queried whether this was just due to a resourcing issue, and if the intention was to address this. Members were advised that when the data improvement plan was set up, a lengthy timescale was allocated as it was known it would be a long process and there were some resourcing issues. There would also be some IT reporting improvements. It was noted that data scores were regularly monitored by the Pensions Board.

RESOLVED

That the report be noted.

10 EMPLOYER MONTHLY SUBMISSIONS UPDATE

Consideration was given to a report presented by the Accounting, Investment and Governance Manager, which provided the Committee with up-to-date information on Employer Monthly Submissions for the second quarter of the financial year 2021/22 (July to September inclusive). Members were guided through the report and particular attention was drawn to the tables showing the late contributions and data submissions to September 2021 (Table 1) and the late contributions fines to September 2021.

RESOLVED

That the report be noted.

11 BORDER TO COAST RESPONSIBLE INVESTMENT POLICY AND CORPORATE GOVERNANCE VOTING GUIDELINES REVIEW

Members were advised that Border to Coast Pensions Partnership reviewed their Responsible Investment (RI) Policy and Corporate Governance and Voting Guidelines annually. Consideration was given to a report presented by the Head of Pensions which highlighted the changes from the last version and sought approval for the alignment of the new version to the current Lincolnshire policy and guidelines. Members were guided through the report, with particular focus on sections relating to Border to Coast's Review Process, Engagement Theme Review, Key Changes to the RI Policy and Key Changes to the Corporate Governance and Voting Guidelines.

During discussion of the report, the following was noted:

- Members' attention was drawn to the conclusion on page 122 of the report and were reminded that these were policies for how partner fund investments would be managed in relation to RI and therefore that the views of the Committee mattered and it was important for members to understand that.
- In response to a question regarding the Climate Change Policy, members were advised that it was suggested that the Committee look at this later in the year. The

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Pension Fund did not currently have a Climate Change Policy, and any policy it did adopt would be separate to any climate change policy of the County Council's.

- One committee member commented that, following their attendance at the Border to Coast Seminar, the effort expended in RI and climate change was excellent, and they would support the recommendation for the Committee to align with their policy.
- It was queried whether there was a risk of diluting what the Committee was planning to do at its session in February, if these policies were adopted now. Members were advised that these policies were reviewed annually, and there would be input from the joint committee, pensions officers, and pensions committees in developing the following years policies.

RESOLVED

1. That the proposed Border to Coast Responsible Investment Policy and Corporate Governance and Voting Guidelines be noted.
2. That the alignment of the Lincolnshire RI Policy and Voting Guidelines to Border to Coast be agreed.
3. That a Fund Climate Change Policy be considered later in 2022 when the Committee had revisited their investment beliefs.
4. That the report be noted.

12 ANNUAL REPORT AND ACCOUNTS 2020/21: THE EXTERNAL AUDITORS AUDIT COMPLETION REPORT

Consideration was given to a report presented by the Accounting, Investment and Governance Manager which brought to the Committee the Audit Completion Report from Mazars, the Fund's External Auditor, on the 2020/21 audit of the financial statements. Members were guided through the report and it was highlighted that during the course of the meeting, the opinion on the accounts had been received.

RESOLVED

That the report be noted.

13 CONSIDERATION OF EXEMPT INFORMATION**RESOLVED**

That in accordance with section 100A 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 if they were present there could be a disclosure of exempt information

as defined in Paragraph 3 of Part 1 of Section 12A of the Local Government Act 1972, as amended.

14 INVESTMENT PERFORMANCE REPORT

Consideration was given to a report which summarised investment performance.

RESOLVED

That the exempt report be noted.

The meeting closed at 3.35 pm

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Agenda Item 5

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of the Local Government Act 1972.

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Agenda Item 6

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