County Offices
Newland
Lincoln
LN1 1YL

13 September 2022

Pensions Committee

A meeting of the Pensions Committee will be held on **Thursday, 22 September 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

Debbie Barnes OBE
Chief Executive

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

Councillors E W Strengiel (Chairman), P E Coupland (Vice-Chairman), M G Allan, M A Griggs, T J N Smith, Dr M E Thompson and 1 Vacancy

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, 22 SEPTEMBER 2022

11 **Performance Measurement Annual Report** 123 - 128

(To receive a report by Jo Ray, Head of Pensions, which sets out the Pension Fund's longer term investment performance for the period ending 31st March 2022)

12 **2022 Valuation - Draft Results** 129 - 132

(To receive a report by Jo Ray, Head of Pensions, which introduces a presentation from the Fund’s Actuary setting out the draft whole Fund results from the latest valuation undertaken as at 31 March 2022)

13 **CONSIDERATION OF EXEMPT INFORMATION**

In accordance with Section 100 (A)(4) of the Local Government Act 1972, agenda item 14 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 12 A of the Local Government Act 1972, as amended. The press and public may be excluded from the meeting for the consideration of this item of business.

14 **Investment Performance Report** 133 - 206

(To receive an exempt report by Claire Machej, Accounting, Investment and Governance Manager)

Democratic Services Officer Contact Details

Name: **Tom Crofts**
Direct Dial **07769 368547**
E Mail Address thomas.crofts@lincolnshire.gov.uk

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, 22nd September, 2022, 10.00 am (moderngov.co.uk)

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

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Lincolnshire COUNTY COUNCIL Working for a better future

PENSIONS COMMITTEE
14 JULY 2022

PRESENT: COUNCILLOR E W STRENGIEL (CHAIRMAN)

Councillors P E Coupland (Vice-Chairman), M G Allan and Dr M E Thompson

Co-Opted Members: Mr A N Antcliff (Employee Representative) and Councillor R Waller (District Council Representative)

Councillor Mrs A Newton MBE attended the meeting as an observer via Teams.

Officers in attendance: Claire Machej (Accounting, Investment and Governance Manager), Jo Ray (Head of Pensions) and Thomas Crofts (Democratic Services Officer)

Others in attendance: Roger Buttery (Independent Chair of the Lincolnshire Local Pension Board), Matthew Mott (West Yorkshire Pension Fund), Iain Campbell (Hymans Robertson), Graham Long (Border to Coast) and Milo Kerr (Border to Coast)

Others in attendance via Teams: Peter Jones (Independent Advisor), Lisa Darvill (West Yorkshire Pension Fund), Sukhjot Jaur (West Yorkshire Pension Fund) and Melanie Durrant (Barnett Waddingham)

7 APOLOGIES FOR ABSENCE

Apologies for absence were received from Steve Larter and Councillors T Smith, A Newton and S Parkin.

8 DECLARATIONS OF MEMBERS' INTERESTS

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

Councillor P Coupland declared an interest as South Holland District Council's representative at PSPS Ltd.

9 MINUTES OF THE PREVIOUS MEETING HELD ON 9 JUNE 2022

RESOLVED:

That the minutes of the meeting held on 9 June 2022 be approved as a correct record and signed by Chairman.

10 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 of the following matters:

- Inflation was projected to reach 11% in Autumn and had been more persistent than anticipated.
- Interest rates were continuing to rise, which was expected to contribute to an economic slump.
- Wage claims were rising to meet the cost of living.
- Equity markets may be valued too highly.

Members agreed that without a clear monetary policy set by the Bank of England it was difficult to predict what would happen to the economy in theses uncertain times.

RESOLVED:

That the update be noted.

11 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 following matters:

- The Board had previously been advised that of those scheme members eligible to receive a benefit statement, 99.9% had been produced electronically for deferred members, and 98.7% for active members. However, the PB expressed concern at the apparent low number of members who had accessed the statements via the in-online portal.
- Bradford MDC's Internal Audit had found excellent to good levels of assurance across the pensions administration service managed by WYPF.
- The McCloud ruling was considered in detail, and the Board felt that the impacts on the Pensions Scheme constituted additional costs and pressures for small improvements to member benefits.

RESOLVED:

That the report be noted.

12 PENSION FUND UPDATE REPORT

Consideration was given to a report presented by the Head of Pensions which updated the Committee on Fund matters for the quarter ending 31 March 2022 and any other current issues. The Committee was guided through the report and the following was noted:

- The value of the Fund's invested assets fell by 1.1%.
- In terms of asset allocation, property was below its lower tolerance and cash was above its upper tolerance.
- The Fund had underperformed by 0.4%.
- The deficit had fallen from £60m at the last valuation to a surplus of £116m.
- Training requirements were outlined.
- Internal Audit findings were outlined.

The Committee discussed the report and were advised of the following:

- Life expectancy had slightly declined, in part, due to the pandemic.
- Climate risk adaptation was a an investment consideration alongside mitigation, when looking at climate solutions for responsible investments.
- Additional training tools would be available to aid Members knowledge and understanding.

RESOLVED:

That the report be noted.

13 RESPONSIBLE INVESTMENT UPDATE REPORT

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 final quarter of the financial year 2021/22. The Committee was guided through the report, with attention drawn to the following matters:

- Elections to the Local Authority Pension Fund Forum (LAPFF) executive committee were coming up. The request for nominations was to be made in August with a deadline for submission at the beginning of September. Details of the process were to be shared with Committee members when received.
- Responsible investing activity under the Border to Coast Pensions Partnership was outlined, including their quarterly stewardship report.
- Responsible investing activity by Legal and General Investment Management was outlined.
- Voting under the Border to Coast Pensions Partnership activity was outlined.

The Committee discussed the report and were advised that a voting policy was reported to the Committee for approval on an annual basis.

RESOLVED:

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

14 PENSIONS ADMINISTRATION REPORT

Consideration was given to a report presented by the Fund's pension administrator, West Yorkshire Pension Fund (WYPF). The Committee was guided through the report – attention was drawn to the following matters:

- The KPI's for the Interfund area of work had not been met this quarter due to staffing issues.
- Scheme information was outlined, including:
  - Member numbers had increased
  - New employers had joined
- Overall customer satisfaction had increased, but there had been fewer responses to the survey.
- All appeals were outlined, including one appeal, which was outstanding regarding medical information.
- Recruitment was a persistent issue due to natural attrition, promotion from within and a national shortage of suitable applicants.
- An optic reader had been procured to digitise historic paper forms, which would improve data quality. The process was currently being trialled.

RESOLVED:

That the report be noted.

15 THE MCCLOUD RULING - EFFECTS ON THE LOCAL GOVERNMENT PENSION SCHEME

Consideration was given to a report and presentation presented by the Fund's pension administrator, West Yorkshire Pension Fund (WYPF). Attention was drawn to the following matters:

- The changes to the scheme bringing in CARE benefitsformed part of a review to reform public service pensions, and put them on a more sustainable, affordable and fairer footing for the longer term.
- All scheme members were moved onto the new scheme in April 2014.
- The McCloud ruling found that transitional protections directly discriminated against younger members.

- The back dating of the McCloud ruling proved challenging to administrators.
- The full impacts of the McCloud ruling were still unfolding.

During consideration of the report, it was stated that the full impact of the ruling on members was unknown at this point in time, but it was anticipated to be of limited benefit to the majority of scheme members.

RESOLVED:

That the Committee note the report and presentation.

16 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 final quarter of 2021/22. The Committee was guided through the report – there were no concerns to report regarding late payments and/or data contributions.

Members agreed that employer submissions had been well managed.

RESOLVED:

That the report be noted

17 2022 TRIENNIAL VALUATION ASSUMPTIONS

Consideration was given to a report by the Head of Pensions, which detailed the proposed assumptions that the Fund's Actuary was to use for the 2022 Triennial Valuation. The following was highlighted:

- Financial assumptions were as follows:
    - Inflation risk premium
    - Consumer prices index inflation
    - Expected future investment returns (discount rate)
    - Salary increases
- Statistical assumptions and methodologies were outlined.
- It was estimated that the funding position will have improved since the last valuation due to increased returns, payments form contributors and lower than expected benefits increases.

During consideration of the report, the following comments were raised:

- What the appropriate level of prudence was.

- The Fund was approaching a fully funded position.
- The triennial valuation was a statutory requirement and it was felt that more frequent reviews would not be beneficial given the long term nature of the fund.
- A sensitivity analysis was to be included in the initial results papers.

RESOLVED:

That the Committee approve the Actuaries proposed approach for setting the assumptions for the 2022 Triennial Valuation.

The Committee resolved to adjourn at 11:55 and reconvened at 12:00.

18 RISK REGISTER ANNUAL REVIEW

Consideration was given to a report by the Head of Pensions which presented the Pension Fund Risk Register and Risk Policy to the Committee for annual review and approval. Members were guided through the report and it was noted that there were no changes to the policy which needed to be brought to the attention of the Committee. It was also reported that work had been undertaken with the Council's Principal Risk Officer to incorporate changes regarding how the Council records and manages risk.

It was explained that risk and governance training was mandatory for all Members of the Committee.

RESOLVED:

1. That the risk management policy be approved.
2. That the risk register be approved.

19 ANNUAL PENSIONS COMMITTEE TRAINING PLAN AND POLICY

Consideration was given to a report which set out the training policy and the annual training plan for the Pensions Committee members for the year to June 2023. It was reported that the Fund would be subscribing to the LGPS Online Learning Academy (LOLA), managed by Hymans Robertson, which was found to be an ideal tool for the training purposes of the Committee.

The next training session was scheduled for 13 October 2022.

RESOLVED:

1. That the training policy be approved.
2. That the proposed areas for training at the October and February meetings be agreed as set out in the report.
3. That the annual training plan be approved.

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

The Committee received the draft Annual Report and Accounts for the Pension Fund.

It was clarified that the report was a draft and that any final revisions would be reported to the Committee, along with the External Auditors findings later in the year.

RESOLVED:

That the draft Pension Fund Annual Report and Accounts be approved.

21 ANNUAL REPORT ON THE FUND'S PROPERTY AND INFRASTRUCTURE INVESTMENTS

Consideration was given to a report which outlined the performances of the Fund's property and infrastructure investments for the year ended 31 March 2022. Members were guided through the report and some of the points raised during discussion included the following:

- Under UK commercial property, the four unit trusts had returned 26.16% against a benchmark of 23.14%.
- Investment performance was outlined.
- Aviva had outperformed the benchmark over all periods. The Fund had now closed and was winding up with the manager looking to dispose of all property assets and return cash to investors.
- Five property assets had been sold, with a further eight waiting to be sold
- Other Infrastructure Investments were outlined, including the following previously approved investments:
  - Infracapital Greenfield Partners I
  - Pantheon Global Infrastructure III
- It was anticipated that the Fund will transfer the current allocation to UK commercial property into the Border to Coast UK property sub-fund.

Members agreed that good returns had been achieved and it was clarified that Aberdeen Standard had rebranded as abrdn.

RESOLVED:

That the report be noted.

22 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 items of business on the grounds that if they were present they 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.

23 INVESTMENT PERFORMANCE REPORT

Consideration was given to a report which reviewed investment performance. A number of questions were asked and answered.

RESOLVED:

That the exempt report be noted.

The meeting closed at 1.22 pm

Agenda Item 4

Lincolnshire
COUNTY COUNCIL
Working for a better future

Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	**Pensions Committee**
Date:	**22 September 2022**
Subject:	**Independent Advisor's Report**

Summary:

This report provides a market commentary by the Committee's Independent Advisor on the current state of global investment markets.

Recommendation(s):

That the Committee discuss the report and consider whether any further information is required.

Background

Investment Commentary – September 2022

A gloomy economic winter in prospect – but markets remain cheerful

This winter is going to very difficult financially for both private individuals as consumers and for the corporate sector as suppliers – both in the UK and in Europe. In Europe, its economy is already contracting i.e. falling into recession and the UK seems to be stagnating but may soon follow suit. The USA is still growing economically. The direct cause of these troubles is, of course, the shortage of energy and the price at which it is available on world markets. But supply chain shortages as a result of covid, the uncertainty generated by the war in Ukraine (which seems close to stalemate) and the worsening relationship between the USA and China are contributory factors. Inflation, worldwide, has reached levels (generally around 10%) that would have seemed unimaginable not many months ago.

Yet stock markets have had a good summer, rising between 5% and 10% from their respective June lows. The FTSE 100 index of the UK equity market for example, is now within 5% of its all time high reached in January this year – though other world markets have not done as well. All of which seems at odds with near term economic and financial prospects this winter.

Central Banks and stagflation

Faced with rising inflation – indeed runaway inflation currently – Central Banks have a mandate to take action. First, to stop it rising further, and secondly to bring it down to acceptable levels. In recent years, most Central Banks have targeted 2% as such a level. With inflation currently around 10% in many parts of the globe, that is a daunting prospect. Their traditional response is to raise interest rates (Base Rate in the UK, Fed Funds Rate in the US) and this is already underway. But what elevated level will be required to achieve such targets? And for what length of time? Almost certainly well into 2023.

Consider the plight of the UK consumer. All of us in the UK, not only those less well off, face enormous increases in their energy bills this winter and into next year. At the same time, grocery bills are rising sharply as are many other essentials such as fuel for our cars. If mortgage interest rates, which are tied to base rate, also rise the squeeze on other freely available cash will be considerable. Not only is it the reduction in disposable income that needs to be contended with – but the considerable uncertainty about being unable to estimate financial circumstances in as little as six months time. Unemployment is currently very low, but the financial squeeze on the company sector could see this edge up. Of, course, widespread financial support from the UK government must and will be forthcoming – but to what extent, and when, is presently (late August) uncertain. All of which, leads me to re-iterate that a recession in the UK seems very likely.

If it a consolation, (and I do not think it is) Europe is in a worse predicament. Its economy will have a very troubled winter given its previous heavy reliance on Russian oil and gas. Power blackouts are almost certain. And its heavy industries, steel, chemicals etc are in dire difficulties. The USA is in a much better position, being self-sufficient in energy: energy prices are a great deal lower than in Europe. China has its own woes, stemming from its failure to deal expeditiously with its covid epidemic earlier this year. It is not clear when China can return to its previous economic growth rate of say 5%. Its export markets are receding and shortages of global shipping capacity for its exports remain.

Stock markets

Is all this too gloomy? Markets seem to think so. Seemingly, there is a “dis-connect” between our personal financial prospects and stock markets. Yet the cash flows of institutional investors, as ever, remain paramount in understanding the prospects in the months ahead. These remain strong. If a stock market fall does happen, I suspect it might well be limited, unless a global recession is in prospect.

Conclusion

Peter Jones
2 September 2022

Consultation

a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Claire Machej, who can be contacted on 01522 553641 or claire.machej@lincolnshire.gov.uk.

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Lincolnshire COUNTY COUNCIL
Working for a better future

Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	**Pensions Committee**
Date:	**22 September 2022**
Subject:	**Report by the Independent Chair of the Lincolnshire Local Pension Board**

Summary:

The purpose of this report is:

A) To update the Pensions Committee on the work of the Pension Board (PB) during the last few months;

B) For the Pensions Committee to receive assurances gained from the PB's work; and

C) For the Pensions Committee to consider recommendations from the PB.

Recommendation(s):

That the Committee consider the work of the Pension Board and the assurances gained from their work.

Background

1.0 <u>OUTCOMES FROM THE PENSION BOARD MEETING ON 14 JULY 2022</u>

1.1 The PB met on the 14 July and the main focus was on the following issues:

a) Data Quality Report

b) Risk Register

c) Key Performance Indicators

d) Internal Audit

e) Annual Report and Accounts

1.2 **Data Quality Report** – the PB received a further update from WYPF on the data scores for the Lincolnshire Pension Fund as reported to the Pensions Regulator. The current data scores are Common 96.06% and Scheme Specific 86.54%. Much of the missing data is historic and therefore currently it is not reported in the data fields. WYPF has now found optical reader software to enable the data to be identified, extracted, and added into the correct fields in the administration system. WYPF is expecting a significant improvement in the Scheme Specific scores in 2023. The PB will continue to monitor the position, because the Pensions Regulator expects an improvement in data quality for all public sector schemes.

1.3 **Risk Register** – the PB received a presentation from 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 the Pension Committee's objectives were required to be documented. There was a lengthy debate on the various risks included. The PB welcomed the new approach with the focus on documenting the risks which are a genuine threat and are being actively managed, and removing risks from the register that are accepted by the Pension Fund and are being managed by routine work and activities.

1.4 **Key Performance Indicators (KPIs)** – as part of the discussion on the Pensions Administration Report, the PB was informed that WYPF is undertaking a review of the KPIs which will include a comparison of those operating in other funds. The PB welcomed this initiative and stressed the importance of having effective and suitable KPIs.

1.5 **Internal Audit** – Lincolnshire County Council's (LCC) Internal Audit Team had undertaken two reviews of the pensions service. The first covered various aspects of the pensions administration service. LCC's Internal Audit Team continue to place assurance on the robust nature of the audits completed by Bradford MDC. The second covered Key Control Testing. The review found that processes are well controlled and continue to work well. The LCC Internal Audit Team therefore provided a high assurance opinion.

1.6 **Annual Report & Accounts 2021/2022** – the PB also considered the Pension Fund draft Annual Report & Accounts and congratulated the Head of Pensions on an excellent document. The PB raised a few queries which were satisfactorily resolved.

1.7 **External Appointment** – the Board congratulated the Head of Pensions on her appointment to the PLSA Local Authority Policy Committee.

Conclusion

2.0 <u>ASSURANCES GAINED BY THE BOARD</u>

2.1 The PB has concerns about the progress on the data scores and cannot provide full assurance on this aspect.

2.2 The PB welcomed the new approach to the Risk Register.

2.3 The PB was pleased that WYPF is undertaking a review of the key performance indicators.

2.4 The PB was pleased that the LCC Internal Audit Team continue to place high assurance on the work of the pensions administration function undertaken by the WYPF.

2.5 The draft Report & Accounts demonstrates excellent stewardship.

Roger Buttery
Independent Chairman

August 2022

Consultation

a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Claire Machej, who can be contacted on 01522 553641 or claire.machej@lincolnshire.gov.uk.

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Lincolnshire
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Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	**Pensions Committee**
Date:	**22 September 2022**
Subject:	**Pension Fund Update Report**

Summary:

This report updates the Committee on Fund matters for the quarter ending 30 June 2022 and any other current issues.

The report covers:

1. Funding and Performance Update
2. TPR Checklist Dashboard and Code of Practice
3. Breaches Register Update
4. Risk Register Update
5. Asset Pooling Update
6. DLUHC Consultation – Governance and the reporting of climate change risks
7. Conference and Training Attendance

Recommendation(s):

That the Committee

1) consider and discuss the report and agree whether any action or additional information is required; and
2) approve the recommendation at paragraph 6.5 that the February training meeting is used for the Committee to consider its aspirations for net zero, and the implications and requirements to meet any agreed target.

Background

1. Funding and Performance Update

1.1 Over the period covered by this report, the value of the Fund's invested assets fell by £126.6m (-4.2%) to £2,904.5m on 30 June 2022.

Asset Allocation

1.2 Appendix A shows the Fund's distribution as at 30 June. At an asset class level, due property is now within its tolerance levels, having been underweight for a period of time. This is mainly due to relative movements across asset classes. Cash is overweight, as this is being used to fund expected drawdowns in property and infrastructure investments.

1.5 The Fund's overall position relative to its benchmark is set out in the table below.

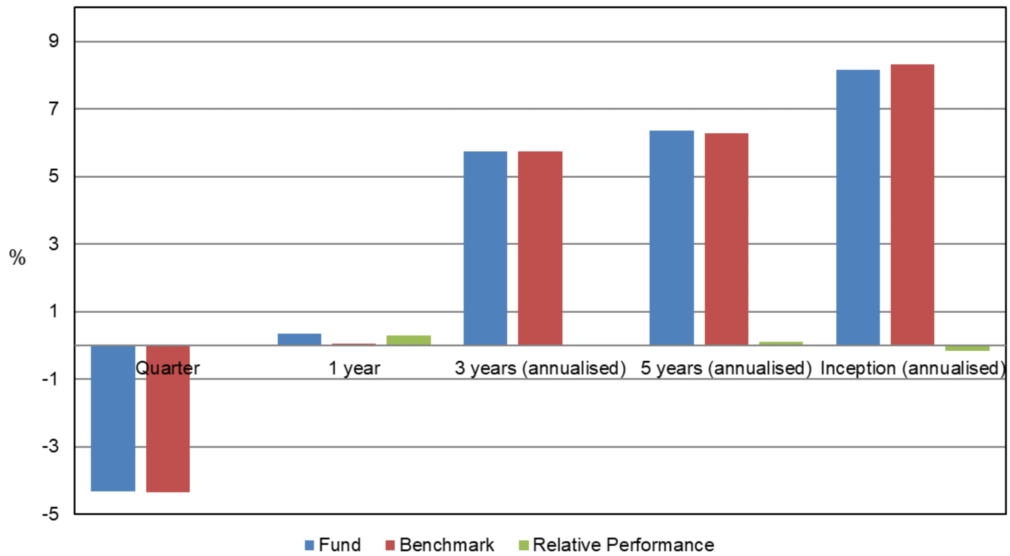
Asset Class	Q2 2022 £m	Q1 2022 £m	Asset Allocation %	Strategic Asset Allocation %	Difference %
UK Equities	459.8	477.8	15.8	15.0	0.8
Global Equities	1,114.0	1,207.3	38.3	40.0	(1.7)
Alternatives	673.6	671.2	23.2	21.5	1.7
Property	269.0**	220.0	9.3	10.0	(0.7)
Fixed Interest	324.5	355.2	11.2	12.5	(1.3)
Cash	63.5	99.6	2.2	1.0	1.2
Total *	**2,904.5**	**3,031.1**	**100.0**	**100.0**	

(* Excludes transactional cash and Border to Coast shareholding)

** An additional investment was made in the Abrdn European Property Growth Fund during the quarter

Fund Performance

1.6 The graph and table below show the Fund's performance against the benchmark over the quarter, one year, three years, five years and since inception. The Fund has a target to outperform the strategic benchmark by 0.75% per annum.



	Fund %	Benchmark %	Relative Performance %
Quarter	(4.31)	(4.34)	0.03
1 year	0.34	0.05	0.29
3 years*	5.74	5.75	(0.01)
5 years*	6.37	6.27	0.10
Inception**	8.16	8.31	(0.15)

*Annualised from 3yrs. **Since Inception figures are from March 1987

1.7 Over the quarter, the Fund produced a negative return of -4.31% (as measured by Northern Trust), outperforming the benchmark by 0.03%. The Fund was ahead of the benchmark over the one and five year periods, but slightly underperformed over 3 years and since inception. Details of managers' performance are covered in the Investment Performance report later in the agenda.

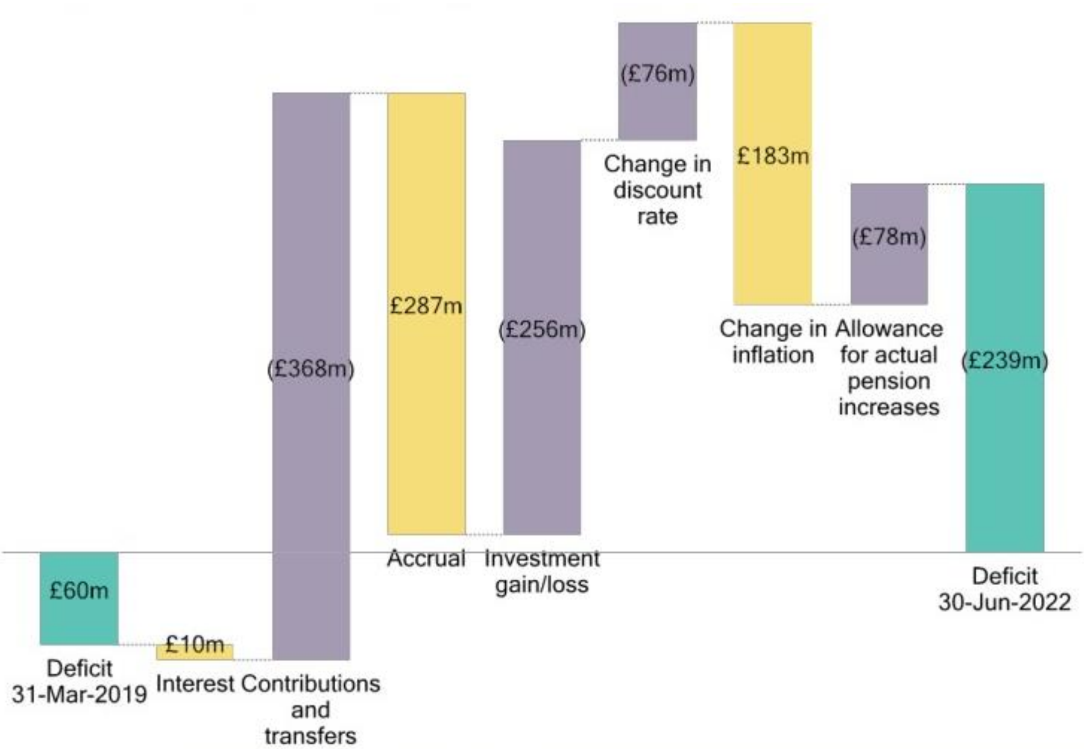
1.8 Appendix B shows the market returns over the three and twelve months to 30 June 2022.

Funding Level

1.9 The funding update is provided to illustrate the estimated development of the funding position of the Lincolnshire Pension Fund from the latest formal valuation, 31 March 2019, to the current quarter end, 30 June 2022. The accuracy of this type of funding update will decline over time, as the period since the last valuation increases. This is because the funding update does not allow for changes in individual members' data since the last valuation. It is, however, a useful tool to assist the Committee to identify whether the time is right to reduce the overall risk in the asset allocation of the Fund, as it approaches a higher funding level.

1.10 At the last formal valuation, reworked under the methodology of Barnet Waddingham, the funding level was 97.5%, with assets and liabilities measured at £2.33bn and £2.39bn respectively. Since the valuation date, the funding level has increased by 11.2% to 108.7%. The graph below shows the volatility of the changes over the period since then, both on a smoothed and unsmoothed basis.

1.11 Over the period 31 March 2019 to 30 June 2022 the deficit, in real money, has fallen from £60m to a surplus of £239m. The investment gain has been positive, although this has been largely offset by the change in inflation over the period. Since the valuation, contributions and transfers have been greater than the accrual of new benefits. The table below shows the analysis of the change in deficit.



2. TPR Checklist Dashboard and Code of Practice

2.1 To assist in the governance of the Lincolnshire Fund, it assesses itself against the requirements of the Pension Regulator's (TPR's) code of practice 14 for public service pension schemes, as set out in a check list attached at appendix C. This is presented to the Committee and Board at each quarterly meeting, and any non-compliant or incomplete areas are addressed. This is seen as best practice in open and transparent governance.

2.2 There have been no changes since the last quarter's report. The areas that are not fully completed and/or compliant are listed below.

B12 – Knowledge and Understanding – Have the pension board members completed the Pension Regulator's toolkit for training on the Code of Practice number 14?

Amber – As set out in the Fund's Training policy, it is a mandatory requirement that all PC members complete this in addition to the PB members and provide copies of the completion certificate to the Head of Pensions. However, whilst all Board members have completed this training, due to the change in Pensions Committee membership following the May elections, certificates have not yet been received from all the new Committee members. As set out in the training policy, members do have a six month window to complete this mandatory training, which should therefore have been completed by November 2021. At the time of writing this report, one certificate had not been received.

F1 – Maintaining Accurate Member Data – Do member records record the information required as defined in the Record Keeping Regulations and is it accurate?

Amber – Scheme member records are maintained by WYPF. Therefore much of the information here and in later questions relates to the records they hold on LCC's behalf. However, as the scheme manager, LCC is required to be satisfied the regulations are being adhered to. Data accuracy is checked as part of the valuation process and the annual benefits statement process. Monthly data submissions and employer training are improving data accuracy, however there are a number of historical data issues that are in the process of being identified and rectified.

F5 - Maintaining Accurate Member Data – Are records kept of decisions made by the Pension Board, outside of meetings as required by the Record Keeping Regulations?

Grey – not relevant as we do not expect there to be decisions outside of the PB. This will be monitored.

H7 - Maintaining Contributions – Is basic scheme information provided to all new and prospective members within the required timescales?

*Amber - New starter information is issued by WYPF, **when they have been notified by employers**. This is done by issuing a notification of joining with a nomination form,* *transfer form and a link to the website. However, because the SLA relates to when notified, it does not necessarily mean the legal timescale has been met which is within 2 months of joining the scheme. The monthly data returns and employer training are improving this process.*

K7 – Scheme Advisory Board Guidance - Members of a Local Pension Board should undertake a personal training needs analysis and put in place a personalised training plan.

Remaining Amber – Training is a standing agenda item and opportunities are shared with the Pension Board as they arise. Pension Board members all complete a training log annually to record all training undertaken.

3. Breaches Reporting - update

3.1 The Fund and those charged with its governance have a requirement to log and, where necessary, report breaches to the Pensions Regular. The Breaches Register attached at appendix D shows those breaches logged over the last twelve months. Since the last quarter end, one breach has been added, detailed below:

- **Late payment of contributions** – a separate paper is presented to the Committee at paper 9, updating the Committee on all monthly employer contribution breaches over quarter.

4. Risk Register Update

4.1 The risk register had a full review at the July meeting where it had been refreshed to reflect the corporate risk reporting process. There have been no changes since that meeting to record on the register at this time.

5. Asset Pooling Update

Sub Funds

5.1 Work has continued on the development of the real estate funds, with the next expected transition for Lincolnshire expected to be into the Core Global Property fund, due to be launched later in 2022 or early in 2023.

5.2 Since the last Committee meeting, Border to Coast has held workshops and meetings with officers and advisors covering quarterly external and internal funds, property, alternatives, carbon metrics, and Responsible Investment.

Joint Committee Meetings

5.3 There have been no meetings since the last Committee report. The next Joint Committee is being held on Thursday 29 September 2022, ahead of the Border to Coast Annual Conference in Leeds, to which all Committee members had been invited.

Shareholder Matters

5.4 As the Committee are aware, there are two distinct roles that Lincolnshire County Council has with Border to Coast: the shareholder and the investor (or client). The Committee's role is that of investor and is represented at the Joint Committee by the Chairman of the Pensions Committee. The shareholder role is undertaken by the Executive Director of Resources and fulfils the role as set out in the Shareholder Agreement, which was approved by Full Council in February 2017. A review of this document is currently underway, with the latest progress set out in the June Joint Committee papers.

5.5 Ahead of any shareholder approvals, officers, including S151 officers, work closely with Border to Coast to ensure full understanding of the resolution, the impact of it not being approved and discuss this with the JC ahead of any resolution being sent for approval. An informal shareholder meeting is also held on the date of each Joint Committee meeting.

5.6 There have been no shareholder resolutions since the last meeting.

Border to Coast Annual Report

5.7 The Border to Coast Annual Report and Accounts has been completed and published. It can be found on their website at Annual-Report-and-Accounts-2021-22.pdf (bordertocoast.org.uk).

6. DLUHC Consultation – Governance and the reporting of climate change risks

6.1 On 1 September, DLUHC published the long-awaited consultation on reporting climate change risks for the LGPS, which can be found at this link: Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks - GOV.UK (www.gov.uk). The consultation seeks views on policy proposals to require administering authorities to have effective governance, strategy, risk management and accompanying metrics and targets for the assessment and management of climate risks and opportunities. It also invites responses on proposals to disclose these in line with the recommendations of the international industry-led Taskforce on Climate-related Financial Disclosures (TCFD).

6.2 It proposes that LGPS administering authorities would calculate the ‘carbon footprint’ of their assets and assess how the value of each fund’s assets or liabilities would be affected by different temperature rise scenarios, including the ambition to limit the global average temperature rise to below 2 degrees set out in the Paris Agreement. It proposes that administering authorities should report on this annually, and that these reports will be summarised in an LGPS-wide report, including the overall carbon emissions of the scheme.

6.3 A summary of the proposals is set out below:

Area	Proposal
Overall	Each LGPS Administering Authority (AA) must complete the actions listed below and summarise their work in an annual Climate Risk Report.
Scope and Timing	The proposed regulations will apply to all LGPS AAs. The first reporting year will be the financial year 2023/24, and the regulations are expected to be in force by April 2023. The first reports will be required by December 2024.
Governance	AAs will be expected to establish and maintain, on an ongoing basis, oversight of climate related risks and opportunities. They must also maintain a process or processes by which they can satisfy themselves that officers and advisors are assessing and managing climate-related risks and opportunities.
Strategy	AAs will be expected to identify climate-related risks and opportunities on an ongoing basis and assess their impact on their funding and investment strategies.
Scenario Analysis	AAs will be required to carry out two sets of scenario analysis. This must involve an assessment of their investment and funding strategies. One scenario must be Paris-aligned (meaning it assumes a 1.5 to 2 degree temperature rise above pre-industrial levels) and one scenario will be at the choice of the AA. Scenario analysis must be conducted at least once in each valuation period.
Risk Management	AAs will be expected to establish and maintain a process to identify and manage climate-related risks and opportunities related to their assets. They will have to integrate this process into their overall risk management process.
Metrics	AAs will be expected to report on metrics as defined in supporting guidance. The proposed metrics are set out below. Metric 1 will be an absolute emissions metric. Under this metric, AAs must, as far as able, report Scope 1, 2 and 3 greenhouse gas (GHG) emissions.

Area	Proposal
	Metric 2 will be an emissions intensity metric. We propose that all AAs should report the Carbon Footprint of their assets as far as they are able to. Selecting an alternative emissions intensity metric such as Weighted Average Carbon Intensity (WACI) will be permitted, but AAs will be asked to explain their reasoning for doing so in their Climate Risk Report. Metric 3 will be the Data Quality metric. Under the Data Quality metric, AAs will report the proportion the value of its assets for which its total reported emissions were Verified*, Reported**, Estimated or Unavailable. Metric 4 will be the Paris Alignment Metric. Under the Paris Alignment Metric, AAs will report the percentage of the value of their assets for which there is a public net zero commitment by 2050 or sooner. Metrics must be measured and disclosed annually.
Targets	AAs will be expected to set a target in relation to one metric, chosen by the AA. The target will not be binding. Progress against the target must be assessed once a year, and the target revised if appropriate. The chosen metric may be one of the four mandatory metrics listed above, or any other climate related metric recommended by the TCFD.
Disclosure	AAs will be expected to publish an annual Climate Risk Report. This may be a standalone report, or a section in the AA's annual report The deadline for publishing the Climate Risk Report will be 1 December, as for the AA's Annual Report, with the first Climate Risk Report due in December 2024. We propose that scheme members must be informed that the Climate Risk Report is available in an appropriate way.
Scheme Climate Report	We propose that the Scheme Advisory Board (SAB) should prepare an annual Scheme Climate Report including a link to each individual AA's Climate Risk Report (or a note that none has been published) and aggregate figures for the four mandatory metrics. We also propose that a list of the targets which have been adopted by AAs. We are open to views as to whether any other information should be included in the Scheme Climate Report.

Area	Proposal
Proper advice	We propose to require that each AA take proper advice when making decisions relating to climate-related risks and opportunities and when receiving metrics and scenario analysis.

*This refers to reported emissions calculated in line with the GHG Protocol and verified by a third-party.
**This refers to reported emissions calculated in line with the GHG Protocol without verification by a third-party.

6.4 A summary of the twelve consultation questions asked is set out below:

Q1: Do you agree with our proposed requirements in relation to governance?
Q2: Do you agree with our proposed requirements in relation to strategy?
Q3: Do you agree with our suggested requirements in relation to scenario analysis?
Q4: Do you agree with our proposed requirements in relation to risk management?
Q5: Do you agree with our proposed requirements in relation to metrics?
Q6: Do you agree with our proposed requirements in relation to targets?
Q7: Do you agree with our approach to reporting?
Q8: Do you agree with our proposals on the Scheme Climate Risk Report?
Q9: Do you have any comments on the role of the LGPS asset pools in delivering the requirements?
Q10: Do you agree with our proposed approach to guidance?
Q11: Do you agree with our proposed approach to knowledge, skills and advice?
Q12: Do you have any comments on the impact of our proposals on protected groups and on how any negative impacts may be mitigated?

6.5 The document also suggests pension funds belonging to the same pooling organisation align their strategies and targets within the pool, and ensure the pool's strategy aligns with theirs, as this would enable Administering Authorities to commission their pool to conduct analysis for both pooled and non-pooled assets on a consistent basis with the pool's own reporting. As the Committee are aware, Border to Coast have set a net zero target of 2050, and will be publishing their roadmap later this year. In order to meet the required timeframe of the climate reporting, which will be for the 2023/24 financial year, it is recommended that the February training meeting is used for the Committee to consider its aspirations for net zero, and the implications and requirements to meet any agreed target.

6.6 The consultation is for a twelve-week period, closing on 24 November 2022. Discussion will be had with Border to Coast, Partner Funds, the Investment Consultant and the Actuary to consider the questions and officers will share the proposed responses with the Committee by email for comments. Once agreed, officers will submit the response through the on-line survey by the deadline date.

7 Conference and Training Attendance

7.1 It is stated in the Committee's Training Policy, approved each July, that following attendance (virtual or otherwise) at any conferences, seminars, webinars or external training events, members of the Committee and officers will share their thoughts on the event, including whether they recommended it for others to attend.

7.2 There has been one conference since the last meeting attended by the Chairman of the Committee, Steve Larter, the Head of Pensions and the Accounting, Investment and Governance Manager. This was the LGC Investment Summit held in Leeds on 8/9 September. The Accounting, Investment and Governance Manager was shortlisted for the LGC Rising Star award for Fund officers which was to be presented at this conference, but the presentation was cancelled.

7.3 The Committee and officers are requested to share information on relevant events they have participated in since the last Committee meeting.

Conclusion

8. The Fund has maintained its recovery from the falls last year and is 108.7% funded as at the end of March, with an overall value of £2,904.5m.

Consultation

a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

Appendices

These are listed below and attached at the back of the report	
Appendix A	Distribution of Investments
Appendix B	Market Returns
Appendix C	TPR Checklist Dashboard
Appendix D	Breaches Register

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk.

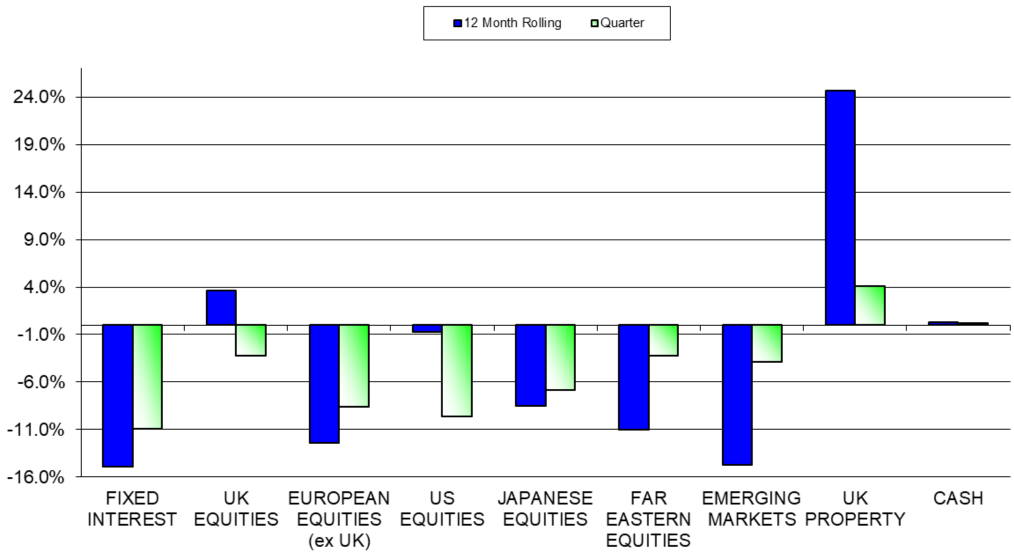
DISTRIBUTION OF INVESTMENTS

INVESTMENT	30 June 2022			31 March 2022			COMPARATIVE STRATEGIC BENCHMARK	
	VALUE £	% OF INV CATEGORY	% OF TOTAL FUND	VALUE £	% OF INV CATEGORY	% OF TOTAL FUND	%	TOLERANCE
UK EQUITIES								
Border to Coast UK Listed Equity	459,840,064	29.2%	15.8%	477,826,728	28.4%	15.8%	15.0%	+/- 2.0%
TOTAL UK EQUITIES	**459,840,064**		**15.8%**	**477,826,728**		**15.8%**	**15.0%**	
GLOBAL EQUITIES								
LGIM Future World	432,515,565	27.5%	14.9%	464,045,667	27.5%	15.3%	15.0%	+/- 2.0%
Border to Coast Global Equity Alpha	681,518,834	43.3%	23.4%	743,227,519	44.1%	24.4%	25.0%	+/- 2.5%
TOTAL GLOBAL EQUITIES	**1,114,034,399**		**38.3%**	**1,207,273,186**		**39.7%**	**40.0%**	
TOTAL EQUITIES	**1,573,874,463**	**100.0%**	**54.1%**	**1,685,099,914**	**100.0%**	**55.5%**	**55.0%**	
ALTERNATIVES *	**673,589,741**		**23.2%**	**671,182,711**		**22.1%**	**21.5%**	**+/- 3.0%**
PROPERTY	**268,998,993**		**9.3%**	**219,991,013**		**7.3%**	**10.0%**	**+/- 1.5%**
FIXED INTEREST								
Blackrock	133,891,143	41.3%	4.6%	150,282,408	42.3%	5.0%	5.0%	+/- 1.0%
Border to Coast Investment Grade Credit	190,603,102	58.7%	6.6%	204,926,962	57.7%	6.8%	7.5%	+/- 1.0%
TOTAL FIXED INTEREST	**324,494,245**	**100.0%**	**11.2%**	**355,209,370**	**100.0%**	**11.8%**	**12.5%**	**+/- 1.5%**
TOTAL INVESTED CASH	**63,517,562**		**2.2%**	**99,605,039**		**3.3%**	**1.0%**	**+ 0.5%**
TOTAL INVESTED ASSETS	**2,904,475,004**		**100%**	**3,031,088,047**		**100%**	**100.0%**	

* including Multi-Asset Credit and Infrastructure

APPENDIX A

CHANGES IN MARKET INDICES
MARKET RETURNS TO 30 JUNE 2022



INDEX RETURNS	12 Months to June 2022 %	Apr-Jun 2022 %
FIXED INTEREST	-14.9%	-10.9%
UK EQUITIES	3.6%	-3.2%
EUROPEAN EQUITIES	-12.4%	-8.6%
US EQUITIES	-0.7%	-9.6%
JAPANESE EQUITIES	-8.5%	-6.8%
FAR EASTERN EQUITIES	-11.0%	-3.2%
EMERGING MARKETS	-14.7%	-3.9%
UK PROPERTY	24.7%	4.1%
CASH	0.3%	0.25%

Appendix D

Lincolnshire Pension Board Record of Breaches

Date	Category (e.g. administration, contributions, funding, investment, criminal activity)	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach	Reported / Not reported (with justification if not reported and dates)	Outcome of report and/or investigations	Outstanding actions
Sept 21	Contributions – updates	Late payments	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Continuing training and communications with employers Review of process
Dec 21	Contributions – updates	Late payments	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Continuing training and communications with employers Review of process
March 22	Contributions – updates	Late payments	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Continuing training and communications with employers Review of process
June 22	Contributions – updates	Late payments	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Continuing training and communications with employers Review of process

Lincolnshire COUNTY COUNCIL
Working for a better future

Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	**Pensions Committee**
Date:	**23 September 2022**
Subject:	**Responsible Investment Update Report**

Summary:

This paper provides the Committee with an update on Responsible Investment activity during the first quarter of the financial year 2022/23 (April to June inclusive).

Recommendation(s):

The Committee consider the report and discuss the Responsible Investment activity undertaken during the quarter.

Background

1.1 This report provides a summary of various Responsible Investment (RI) activities that have been undertaken on behalf of the Fund during the quarter, and updates the Committee on any new initiatives relating to good stewardship. This includes work by Local Authority Pension Fund Forum (LAPFF), Border to Coast Pensions Partnership (BCPP), Robeco, who are appointed by Border to Coast to provide voting and engagement services and Legal and General Investment Managers.

2.0 Local Authority Pension Fund Forum – RI Activity

2.1 The Fund participates in the Local Authority Pension Fund Forum. LAPFF acts to promote the highest standards of corporate governance to protect the long-term value of local authority pension fund assets. The Forum's current engagement themes include: climate risk, social risk, governance risk and reliable accounting risk. They also act by collaborating with other investors and by responding to governance and industry consultations.

Outcomes Achieved through LAPFF Engagement

2.2 The latest LAPFF engagement report can be found on their website at www.lapfforum.org. Some highlights from their work during the quarter include:

- LAPFF announced two major initiatives, one relating to climate change and one relating to human rights. The climate change initiative is linked to LAPFF's work on 'Say on Climate' and aims to issue voting alerts to ensure companies set meaningful corporate climate strategies and initiatives. The human rights initiative is a visit by the LAPFF Chairman to communities affected by the Mariana and Brumadinho tailings dam collapses in Minas Gerais, Brazil. More details on this will be shared with the Committee via the weekly update from the LAPFF Chairman.

- As the quarter covered peak voting season LAPFF voting alerts covered:
    - Mining companies where shareholders are only able to vote on climate progress disclosures rather than climate plans. LAPFF believes that shareholders should have an annual vote on company plans and strategies not just results.
    - Technology companies including: Amazon, Meta Platforms and Alphabet on a range of ESG issues, including: human rights (particularly labour rights), lobbying, climate and board accountability.
    - Oil and Gas companies including BP and Shell, opposing their climate plans and supporting the 'Follow This' shareholder resolution.

- Collaborative engagement during the quarter included: LAPFF joining two calls with companies to discuss their approaches modern slavery and reporting, as part of the Rathbones Votes Against Slavery engagement. This targets FTSE 350 companies that fail to comply with Section 54 of the Modern Slavery Act.

- LAPFF has been involved in a number of collaborative investor initiatives. Including: work with the Investor Initiative for Responsible Care organised by UNI Global, of which LAPFF is a founding member. The coalition includes 130 institutional investors with $3.8 trillion in assets. It aims to improve employment and care standards to protect shareholder value. During the quarter, LAPFF, alongside other lead investors, has contacted Real Estate Investment Trusts (REITs) working within the nursing home sector and signed a letter regarding the EU Care Strategy to further the coalitions work.

2.3 Further details on their work during the quarter can be found in the quarterly engagement report. Members of the Committee should contact the author of this report if they would like further information on the Forum's activities.

3.0 **Border to Coast Pensions Partnership – RI Activity**

3.1 Border to Coast is the pooling company chosen by Lincolnshire Pension Fund. Border to Coast is a strong advocate of RI and believe that businesses that are governed well and run in a sustainable way are more resilient, able to survive shocks and have the potential to provide better financial returns for investors. As a representative of asset owners, they practice active ownership by holding companies and asset managers to account on Environmental, Social and Governance (ESG) issues that have the potential to impact corporate value. They also use shareholder rights by voting at company meetings, monitoring companies, carrying out engagement and litigation.

3.2 Their approach to RI and stewardship is set out in their Responsible Investment Policy, Corporate Governance and Voting Guidelines and Climate Change Policy. These documents can be viewed on the Border to Coast website. They also publish a quarterly stewardship newsletter detailing the activity they have undertaken during the quarter. A copy of the report for the latest quarter can be found at on their website (Quarterly Stewardship Report Q2 2022). Highlights from their work during the quarter include:

- An overview of the quarter's RI activity including: the launch of the second private markets programme; a summary of the quarters voting, as April to June covers peak voting season; and details of a collaboration with other UK pension funds to look at how they can support the climate transition in emerging markets.

- An industry update providing details of: results of the Department for Work and Pensions consultation for Paris alignment reporting in occupational pension schemes; the launch of a UK Transition Plan Taskforce to develop a standard for climate transition plans in the UK; and publications on science-based targets for net zero financial reporting, embedding stewardship in the asset manager and asset owner relationship and an updated framework from the Taskforce in Nature-related Financial Disclosure.

- High level information on voting activity for the quarter across all Border to Coast funds. The quarter is peak voting season, with Border to Coast voting at 573 meetings during the quarter, covering 8,750 agenda items. In 72% of meetings Border to Coast cast at least one vote against the recommendations of management.

- Engagement activity, which included 530 engagements, carried out by: external managers appointed by Border to Coast; Robeco, as the Pool's engagement and voting manager; internal portfolio managers and by LAPFF.

3.3 Border to Coast has published its annual Responsible Investment and Stewardship Report, demonstrating the progress it has continued to make as an active steward of Local Government Pension Scheme (LGPS) assets in 2021/22. It has also published its Task Force on Climate-Related Financial Disclosures (TCFD) Report, which evidences its commitment to transparency in reporting.

4.0 Robeco – RI Activity

4.1 In addition to the direct RI work undertaken by Border to Coast they have appointed Robeco to provide voting and engagement services. A copy of their quarterly activity report can be found on the Border to Coast website (Robeco Quarterly Engagement Report Q2 2022).

4.2 During the quarter Robeco have voted at 573 AGM's, the percentage of meetings where they have at least one vote against management is 72%. During the quarter they have engaged with companies on 76 occasions on topics including: the environment, corporate governance and social matters. This quarter's report provides details on Robeco's new net zero emissions theme, which is an extension to their existing corporate decarbonation theme; reflects on the 2022 AGM season and the key trends coming out of this; and provides an update on their three year single use plastic company engagement theme.

5.0 Legal and General Investment Management – RI Activity

5.1 Legal and General Investment Management (LGIM) manage 15% of the Fund's portfolio, which is invested in the Future World Fund (global equities). The Future World Fund invests systematically in a globally diversified portfolio of quoted company shares. The index is designed to favour investment in companies which exhibit characteristics that have historically led to higher returns or lower risk than the market as a whole, and companies which are less carbon-intensive or earn green revenues. LGIM also builds ESG factors and responsible investing into all its investment activity. More information on this can be found on their website: LGIM Responsible Investing.

5.2 On a quarterly basis they publish an ESG Impact Report (LGIM Quarterly ESG Impact Report Q1 2022) detailing their activity during the quarter, across all their investment products. The report covers their ESG activity, significant and summary voting activity, a global public policy update and information on engagement activity. During the quarter LGIM voted against management 2,339 times, and engaged 122 times with 103 companies on topics including remuneration, climate change and board composition.

5.3 LGIM also produce an ESG Report specifically for the Future World Fund. This details key ESG metrics including carbon footprint and weighted average carbon intensity data, as well as voting and engagements statistics for the last 12 months. This report is available on the LGIM website 10-12 weeks after the quarter end (Future World Fund).

6.0 Voting

6.1 To enable the Fund to fulfil its stewardship responsibilities as an active shareholder, the active equity managers are required to report on their voting on a quarterly basis.

6.2 Border to Coast has produced summary proxy voting reports, which are attached at appendix A (Global Equity Alpha) and B (UK Listed Equities). Full details of the votes cast during the period April to June 2022 can be found on the Border to Coast website: Integrated Full Details Voting Report Q2 2022.

7.0 Border to Coast Environmental, Social and Governance (ESG) Reporting

7.1 Border to Coast have worked with MSCI, the investment research company, to provide quarterly ESG and carbon reports. The reports include an ESG rating, weighted score for the quarter and the direction of travel, as well as information on the best and worse companies in the sub-fund. The report also includes details on carbon emissions and intensity.

7.2 For the quarter ended 30 June 2022 the ESG reports can be found at:

- Appendix C: Global Equity Alpha Sub-fund;
- Appendix D: UK Listed Equity Sub-fund; and
- Appendix E: Sterling Investment Grade Credit Sub-fund.

7.3 *"This disclosure was developed using information from MSCI ESG Research LLC or its affiliates or information providers. Although Lincolnshire County Council Pension Fund information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or re-disseminated in any form* and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages."*

**In accordance with the Licence Agreement between Border to Coast Pensions Partnership Limited and MSCI ESG Research (UK) Limited.*

7.4 In summary:

- Global Equity Alpha – marginal increases in the weighted ESG score in both the Fund and benchmark saw both increase their rating to 'AA' over the quarter. The Fund saw several upgrades over the period, including: Fiserv, Danaher, Charter Communications and EasyJet. Automotive components company, BorgWarner, was the sole downgrade due to increasing risks associated with warranty payments.

  The fund's carbon intensity metrics were broadly stable over the quarter and remain materially below the benchmark. Exposure to fossil fuel reserves comes primarily from the fund's allocation to diversified mining company, Glencore, which represents c.0.8% of the overall fund.

- UK Listed Equity – the ESG weighted score remained consistent in the quarter, retaining its 'AAA' rating and is slightly above the benchmark. This is due to the fund holding a higher weighting of companies considered to be 'Leaders' and no 'Laggards'. The fund is generally underweight the lowest ESG rated companies relative to the benchmark.

  The Fund is currently below the benchmark for carbon emissions, carbon intensity and weighted average carbon intensity (WACI) and all carbon metrics reduced in the quarter. All of the largest contributors to portfolio WACI are rated Level 4 or 4* by the Transition Pathway Initiative (highest rating) and many have sector leading Carbon Transition Plans to be net-zero by 2050.

- Sterling Investment Grade Credit – the fund is rated AA. The ESG weighted score was stable over the quarter, being marginally below that of the benchmark index overall. The lower scoring relative to the benchmark is driven by active positioning, with the fund holding fewer companies considered to be 'Leaders'. Despite this the fund retains its very high rating of AA, which is classed as 'Leader'.

  It is worth noting that while the availability and quality of ESG data has been improving in recent years, there can still be material gaps across the fixed income market. This is particularly prevalent where a debt-issuing entity does not also issue publicly-listed equity, which, in most cases, the fixed income issuer maps to.

  The fund is currently below the benchmark for WACI. The largest contributor, London Power Networks, is an overweight position relative to benchmark. No single position dominates the portfolio WACI. Exposure to companies owning fossil fuel reserves is lower relative to the benchmark. The largest contributors include BP (via their financing vehicle), Equinor and Centrica.

Conclusion

8.1 This report brings to the Committee information on the various Responsible Investment (RI) activities that have been undertaken on behalf of the Fund during the quarter.

Consultation

a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

Appendices

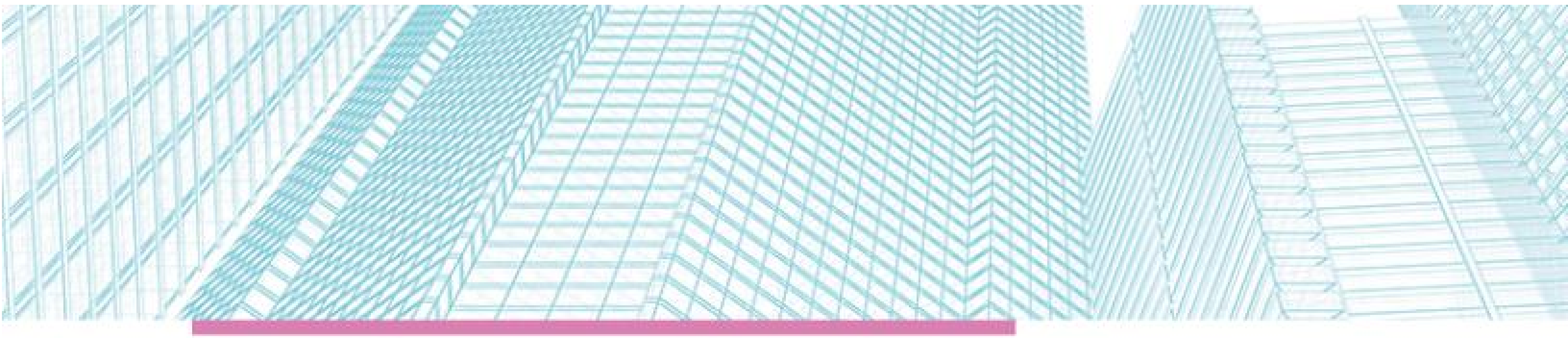
These are listed below and attached at the back of the report	
Appendix A	Border to Coast Global Equity Alpha Voting Activity
Appendix B	Border to Coast UK Listed Equity Voting Activity
Appendix C	Border to Coast Pensions Partnership - ESG Quarterly Report - Global Equity Alpha
Appendix D	Border to Coast Pensions Partnership - ESG Quarterly Report - UK Listed Equity
Appendix E	Border to Coast Pensions Partnership - ESG Quarterly Report - Investment Grade Credit

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Claire Machej, who can be contacted on 01522 553641 or claire.machej@lincolnshire.gov.uk.

Border to Coast Global Equity Alpha



Proxy Voting Report

Period: April 01, 2022 - June 30, 2022

Votes Cast	**1908**	**Number of meetings**	**111**
For	1676	With management	1605
Withhold	0	Against management	299
Abstain	7	Other	4
Against	224		
Other	1		
Total	**1908**	**Total**	**1908**

In 85% of meetings we have cast one or more votes against management recommendation.

General Highlights

Shareholder rights in the spotlight during 2022 Proxy Season
Against the backdrop of the COVID-19 pandemic, the 2022 proxy season continues to witness an increased focus on shareholder rights. Virtual-only meetings and the push for more robust minority shareholder rights remain top of mind as companies come under high scrutiny over Environmental, Social, and Governance (ESG) topics.

The pandemic prompted countries worldwide to amend their legislation to enable virtual-only shareholder meetings. With the temporary relief measures expiring, many companies proposed article amendments that would allow them to hold virtual-only meetings at their discretion. Proponents of this meeting format cite its ability to facilitate high attendance while reducing costs and the carbon footprint. However, recent years have shown that virtual-only shareholder meetings can severely deprive shareholders of their rights as management is afforded the discretion to filter out inconvenient questions. For this reason, we oppose any article amendments that grant companies the discretion to hold shareholder meetings in a virtual-only format outside exceptional circumstances. However, we support amendments enabling hybrid meetings, as we consider that this format brings many of the advantages of virtual-only meetings without jeopardizing shareholder participation rights.

The 2022 proxy season also saw shareholders continue pushing to expand their rights and enact change at companies deemed to lag their expectations. Meeting agendas were packed with proposals seeking amendments to provisions governing proxy access, special meetings, and action by written consent, as well as resolutions calling for companies to adopt the “one share, one vote” principle. Particularly noteworthy were the many “fix-it” shareholder proposals seeking amendments to existing proxy access bylaws. These called for changes to aggregation limits or holding period requirements, indicating that shareholders have a thorough understanding of the technicalities surrounding their participation tools, and clear expectations regarding what rights they should hold. In all instances, we judged the merits of these shareholder proposals on a case-by-case basis. We supported proposals deemed to protect minority shareholder rights and strengthen director accountability while safeguarding long-term shareholder interests.

In some cases, shareholder initiatives to enact change translated into large-scale proxy contests. A notable development in this sense was the proxy fight launched by Carl Icahn at McDonald’s over animal welfare. Although the campaign failed, many viewed this attempt as a signal that ESG-driven proxy contests may become commonplace. This speculation is spurred by recent proxy rules amendments passed in the US by the Securities and Exchange Commission, which will mandate the use of universal proxy cards in election contests as of August 2022. These require that all proxy cards distributed in contested elections include all nominees up for election, enabling shareholders voting by proxy to mix and match nominees from distinct slates. In the case of proxy contests, we base our voting decisions on several factors, including, among other things, the validity of the dissident’s case for change at the company and whether the proposed plan is in line with the shareholders’ long-term interests.

Investors focus on this year’s Proxy Season
The 2022 proxy season, as it was expected, was an active one. It is challenging to decide where the focus was this season. There was certainly a lot of interest in numerous post-pandemic Say-On-Pay proposals and some corporate governance agenda items covering board elections. Additionally, there was also a lot of enthusiasm for some notorious Say-On-Climate resolutions. There is no doubt that

this season was busier due to the high volume of ESG shareholder resolutions making it to proxy ballots.

The increase in shareholder proposal filings was prompted by the priorities shift at the US Securities and Exchange Commission (SEC) over the last year. In November 2021, the SEC issued new guidance on how they would interpret the rules used by companies to exclude ESG shareholder proposals, making it more difficult for companies to remove environmental and social proposals from their proxies. This guidance gave investors significant power to raise their concerns by submitting resolutions on essential matters and voting on them.

Investors' attention in this proxy season was on environmental matters. The most prominent shareholder resolutions requested companies for greater disclosure of their impact on climate and the risks this entails, the adoption of concrete emissions reduction targets in all scopes, and reporting on board oversight on the company's climate initiatives. We also saw investors asking companies to disclose their lobbying activities on climate issues, as well as to report on how they would shift their business to using recycled plastic, and to communicate their efforts to decrease deforestation.

Say-On-Climate has been a dominant issue since the 2021 proxy season, and the debate also continued this year. We also noticed a strong increase in shareholder proposals asking for the adoption of Say-On-Climate proposals in future AGMs. Investors' views in this respect though have been diverse. Some have been more decisive in supporting the facilitation of these proposals, while others have been more skeptical. One thing is sure - many investors are adopting a more detailed and case-by-case approach when assessing their votes on Say-On-Climate proposals, pushing companies to provide clear and comprehensive climate-related information.

Social shareholder resolutions focusing on diversity, equity, and inclusion were also high on the agenda for investors. There has been increasing support for resolutions focusing on disclosing data on gender and racial pay gaps. High support was also received by resolutions asking companies to conduct racial equity audits to detect how their business activities might have 'adverse impacts on non-white stakeholders and communities of color.' This year we also saw shareholders asking companies to explain the use of concealment clauses in employment contracts, which limit the ability of an employee to discuss grievances or concerns about employment practices. Lastly, abortion rights have moved up on responsible investors' agenda, pushing companies to support employees' rights in those US states where lawmakers have passed or proposed legislation that would severely restrict women's ability to access legal terminations of pregnancies.

This proxy season, we also saw an increase in anti-ESG shareholder resolutions. A prominent example was the 'civil rights and non-discrimination' proposal, which asked the companies to conduct audits of their impact on civil rights. The resolution initially seemed supportable. Nevertheless, after carefully reviewing the proponent's supporting statement, it showed that the proposals also argued that ''anti-racist'' programs are discriminatory ''against employees deemed non-diverse''. This argument revealed filler's intentions to frustrate companies' efforts to promote civil rights and social justice.

Last but not least, on Governance, the shareholder proposals that attract investors' interest remain those focusing on supermajority vote requirements, the ability to call special shareholder meetings, and action by written consent. A high support rate was seen in the case of shareholder proposals asking the company to separate the roles of CEO and Chair of the Board. This development is welcomed by most investors since an independent chair can better oversee a company's executives and set a pro-shareholder agenda.

Voting Highlights

Johnson & Johnson - 04/28/2022 - United States
Proposals: Shareholder Proposal Regarding Public Health Costs of Limiting COVID-19 Vaccine Technologies, Shareholder Proposal Regarding Racial Impact Audit & Shareholder Proposal Prohibiting Adjustments for Legal and Compliance Costs.

Johnson & Johnson researches, develops, manufactures, and sells a range of products in the health care field worldwide.

The company's 2022 annual general meeting (AGM) agenda included a number of items routinely encountered on US firm ballots and ten proposals put forward by shareholders. One shareholder resolution was of particular importance; it called for Johnson & Johnson to commission and disclose a report on the public health costs incurred by the limited availability of its COVID-19 vaccine in poorer nations, and the extent to which this impacts the returns of diversified shareholders. We voted against the resolution after concluding that the requested report would not be in the best interest of shareholders. COVID-19 vaccine inequity is prompted by far-reaching issues such as production capacity, trade policy, and access to health care providers. Accordingly, we believe that policymakers and specialized organizations are best positioned to make pronouncements on the topic rather than vaccine makers. Moreover, we are concerned that the requested reporting would be highly speculative and would therefore not enable shareholders to better assess the risks and opportunities stemming from the company's vaccine-related business practices. Notably, less than 8.5% of the votes cast were in favor of the resolution.

That said, two shareholder proposals received near-majority support. The first called for the company to publish a third-party audit identifying means to improve the racial impact of the company's policies, practices, and products. We voted in favor of the resolution as we believe that robust disclosure on how Johnson & Johnson combats racial discrimination would help investors evaluate the risks faced by the company. The second resolution requested that the company adopt a policy prohibiting the exclusion of legal or compliance costs when determining executive compensation. We supported this resolution as we consider that executives should not be shielded from the impact of legal and compliance costs.

Amazon.com Inc. - 05/25/2022 - United States
Proposal: Shareholder Proposals Asking for the Company to Report on Plastic Packaging, Lobbying Activities, and Working Conditions.

Amazon.com, Inc. is a U.S. multinational technology company that engages in the retail sale of consumer products and subscriptions in North America and internationally. The company operates through three segments: North America, International, and Amazon Web Services (AWS).

The company faced 15 shareholder proposals (SHPs) at its annual general meeting (AGM) on the 25th of May. As expected, shareholders pressured the company to address issues focusing on all aspects of sustainability. Resolutions focusing on political expenditures and lobbying activities, the use of facial recognition technology, and the racial and gender pay gap were a few that came back on the agenda this year. Below we provide some insights on a few shareholder proposals that received media attention and high support from investors.

We supported the SHP that requested the company to report on plastic packaging. The resolution asked how the company could reduce its plastics use in alignment with reduction findings of authoritative sources, to reduce the majority of ocean pollution. According to the proponent's statement, Amazon does not disclose how much plastic packaging it uses but is believed to be one of the largest corporate users of flexible plastic packaging that cannot be effectively recycled. Additionally, the company generates approximately 465 million pounds of plastic packaging waste, of which 22 million ends in the ocean. We acknowledge the environmental risks stemming from plastic pollution and encourage the company to take necessary action to address this issue by producing the requested report. The resolution received 48.62% votes in favor.

Another resolution we encountered in the company's agenda, similarly to most big Tech companies, was the one regarding the preparation of a lobbying report. We believe that the company could reasonably provide more meaningful disclosure regarding its indirect lobbying expenditures and that it should publicly disclose this information in a more accessible manner. Considering the increased scrutiny placed on corporate political spending, we decided to support the resolution. The proposal received 47% of support from investors.

On human capital and employment rights, shareholders requested the company to commission an independent audit and report the working conditions and treatment that Amazon warehouse workers face, including the impact of its policies, management, performance metrics, and targets. Reckoning that the company has faced several fines, inquiries, and significant media attention on account of the working conditions of its warehouse employees, we also decided to support the resolution considering the high turnover ratio. The proposal received almost 44% support from shareholders.

None of the shareholder proposals received majority support. Still, the voting outcome gave the board a loud and clear message that shareholders are keeping a close eye on the company's actions and pushing for transparency and accountability.

Meta Platforms Inc - 05/25/2022 - United States
Proposal: Shareholder Proposals Asking for Recapitalization, Human Rights Impact Assessment, and Report on Lobbying.

Meta Platforms, Inc. is a U.S. multinational conglomerate that develops products that enable people to connect and share with friends and family through mobile devices, personal computers, virtual reality headsets, and in-home devices worldwide. Meta offers products and services globally through its social networking platforms, Facebook, Facebook Messenger, Instagram, and WhatsApp.

Similar to other big tech companies, at Meta's annual general meeting (AGM) on May 25th, there were numerous shareholder proposals (SHPs) up for a vote (13 in total). The resolutions aimed to address various Environmental, Social, and Governance (ESG) topics, from corporate governance practices to human rights and climate lobbying.

As was expected, due to the dual-class voting structure, shareholders requested the company to adopt a recapitalization plan for all outstanding stock to have one vote per share. The plan will gradually eliminate the special class of super-voting shares that gives founder and CEO Mark Zuckerberg majority control despite owning approximately 13% of the outstanding shares . We supported this resolution since we believe that one vote per share operates as a safeguard and is in the best interest of minority shareholders. The resolution received 28.11% support from shareholders.

On social issues, shareholders requested the company to report on the actual and potential human rights impacts of its targeted advertising policies and practices. Over the last years, regulators and governments have increased their efforts to minimize social media misuse, exposing social platforms to more liability for their targeted advertising practices. We consider additional disclosure to be in the best interests of shareholders, and we decided to support the resolution. The SHP received 23.76% support.

Lastly, shareholders requested the company to report on its lobbying activities. We supported the resolution for the reasons mentioned hereafter. We believe that the current disclosure level is insufficient considering the company’s size and the increased scrutiny placed on corporate political spending. Meta could reasonably improve its disclosure to provide shareholders with an itemized list of recipients of its lobbying contributions, including payments made to trade associations for political purposes. Further, we are concerned with the lack of board-level oversight of its political contributions and lobbying activities, and we consider some degree of board oversight to be desirable. The proposal received 20.60% of support from investors.

Alphabet Inc - 06/01/2022 - United States
Proposal: Shareholder Proposal Regarding Recapitalization, Human Rights Impact Assessment Report, and Report on Water Management Risks

Alphabet Inc is a U.S. multinational conglomerate company that is the parent company of Google and several Google subsidiaries. The company offers performance and brand advertising services. Alphabet Inc provides online advertising services in the United States, Europe, the Middle East, Africa, Asia-Pacific, Canada, and Latin America.

On the 1st of June, the company faced 17 management-opposed shareholder proposals (SHP) focusing on a wide range of Environmental, Social, and Governance (ESG) issues, from lobbying reporting to technology governance. None of these 17 resolutions passed due to the well-known problem of the multi-class share structure, which allows insiders to hold shares with superior voting power. Given that co-founders Larry Page and Sergey Brin together own a majority of the voting power, the significant support garnered by some of the shareholder resolutions is perceived as a loud and clear call for the board to take action.

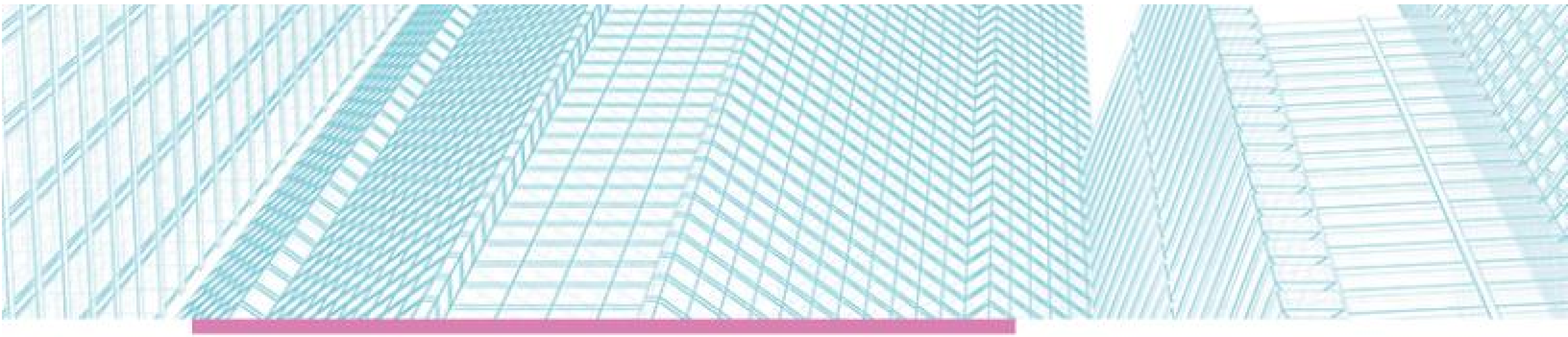
This year, one resolution that came back on the agenda was the SHP requesting the board to initiate a 7-year recapitalization plan. The resolution received a bit more than 33% support from the shareholders. We decided to support the proposal since it would ultimately result in the adoption of the “one share, one vote” principle. We believe this to be in the best interest of minority shareholders, allowing them to have an equal voice and express it with their votes regarding essential matters.

This year Robeco co-filed a proposal that successfully made it to the ballot. The SHP requested the Audit and Compliance Committee to commission a human rights impact assessment report, The report will evaluate the efficacy of Alphabet's existing policies and practices to address the human rights impacts of its content management policies to address misinformation and disinformation across its platforms. The company has a preeminent role in the social media landscape, and it is critical to ensure the integrity of the information on its platforms. Additionally, recently there have been warnings from regulators and legislative attempts at exposing internet platforms to more liability on account of the content on their websites. The proposal received 23% support from shareholders, indicating that despite the company's existing disclosure, investors need additional information on how the company is managing the abovementioned issues.

Lastly, we supported the shareholder proposal that requested the company to report quantitative water-related metrics and practices implemented to reduce climate-related water risk for each location, including for data centers. We recognize that the company has provided some level of disclosure concerning its environmental initiatives but the disclosure fall short in many respects. Indicative is that the company does not disclose its water consumption for its individual data centers, only providing an aggregated operational water use figure. Not having more granular information in this regard could harm shareholders and stakeholders. The resolution received 22.54% support from shareholders.

Disclaimer

Border to Coast UK listed Equity Fund



Proxy Voting Report

Period: April 01, 2022 - June 30, 2022

Votes Cast	**1376**	**Number of meetings**	**67**
For	1269	With management	1268
Withhold	0	Against management	108
Abstain	0		
Against	107		
Other	0		
Total	**1376**	**Total**	**1376**

In 78% of meetings we have cast one or more votes against management recommendation.

General Highlights

Shareholder rights in the spotlight during 2022 Proxy Season
Against the backdrop of the COVID-19 pandemic, the 2022 proxy season continues to witness an increased focus on shareholder rights. Virtual-only meetings and the push for more robust minority shareholder rights remain top of mind as companies come under high scrutiny over Environmental, Social, and Governance (ESG) topics.

The pandemic prompted countries worldwide to amend their legislation to enable virtual-only shareholder meetings. With the temporary relief measures expiring, many companies proposed article amendments that would allow them to hold virtual-only meetings at their discretion. Proponents of this meeting format cite its ability to facilitate high attendance while reducing costs and the carbon footprint. However, recent years have shown that virtual-only shareholder meetings can severely deprive shareholders of their rights as management is afforded the discretion to filter out inconvenient questions. For this reason, we oppose any article amendments that grant companies the discretion to hold shareholder meetings in a virtual-only format outside exceptional circumstances. However, we support amendments enabling hybrid meetings, as we consider that this format brings many of the advantages of virtual-only meetings without jeopardizing shareholder participation rights.

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The increase in shareholder proposal filings was prompted by the priorities shift at the US Securities and Exchange Commission (SEC) over the last year. In November 2021, the SEC issued new guidance on how they would interpret the rules used by companies to exclude ESG shareholder proposals, making it more difficult for companies to remove environmental and social proposals from their proxies. This guidance gave investors significant power to raise their concerns by submitting resolutions on essential matters and voting on them.

Investors' attention in this proxy season was on environmental matters. The most prominent shareholder resolutions requested companies for greater disclosure of their impact on climate and the risks this entails, the adoption of concrete emissions reduction targets in all scopes, and reporting on board oversight on the company's climate initiatives. We also saw investors asking companies to disclose their lobbying activities on climate issues, as well as to report on how they would shift their business to using recycled plastic, and to communicate their efforts to decrease deforestation.

Say-On-Climate has been a dominant issue since the 2021 proxy season, and the debate also continued this year. We also noticed a strong increase in shareholder proposals asking for the adoption of Say-On-Climate proposals in future AGMs. Investors' views in this respect though have been diverse. Some have been more decisive in supporting the facilitation of these proposals, while others have been more skeptical. One thing is sure - many investors are adopting a more detailed and case-by-case approach when assessing their votes on Say-On-Climate proposals, pushing companies to provide clear and comprehensive climate-related information.

Social shareholder resolutions focusing on diversity, equity, and inclusion were also high on the agenda for investors. There has been increasing support for resolutions focusing on disclosing data on gender and racial pay gaps. High support was also received by resolutions asking companies to conduct racial equity audits to detect how their business activities might have 'adverse impacts on non-white stakeholders and communities of color.' This year we also saw shareholders asking companies to explain the use of concealment clauses in employment contracts, which limit the ability of an employee to discuss grievances or concerns about employment practices. Lastly, abortion rights have moved up on responsible investors' agenda, pushing companies to support employees' rights in those US states where lawmakers have passed or proposed legislation that would severely restrict women's ability to access legal terminations of pregnancies.

This proxy season, we also saw an increase in anti-ESG shareholder resolutions. A prominent example was the 'civil rights and non-discrimination' proposal, which asked the companies to conduct audits of their impact on civil rights. The resolution initially seemed supportable. Nevertheless, after carefully reviewing the proponent's supporting statement, it showed that the proposals also argued that ''anti-racist'' programs are discriminatory ''against employees deemed non-diverse''. This argument revealed filler's intentions to frustrate companies' efforts to promote civil rights and social justice.

Last but not least, on Governance, the shareholder proposals that attract investors' interest remain those focusing on supermajority vote requirements, the ability to call special shareholder meetings, and action by written consent. A high support rate was seen in the case of shareholder proposals asking the company to separate the roles of CEO and Chair of the Board. This development is welcomed by most investors since an independent chair can better oversee a company's executives and set a pro-shareholder agenda.

Voting Highlights

Shell Plc - 05/24/2022 - United Kingdom
Proposal: Approval of the Energy Transition Strategy and a Shareholder Proposal Regarding Greenhouse Gas (GHG) Reduction Targets.

Royal Dutch Shell plc operates as an energy and petrochemical company worldwide. The company operates through Integrated Gas, Upstream, Oil Products, and Chemicals segments.

On May 24, 2022, Shell held its first annual general meeting (AGM) since it registered its headquarters in the United Kingdom. Despite the new location, the agenda of the meeting included familiar items such as electing the Board of Directors and approving the Remuneration Report. Additionally, similar to last year, there were two climate-related proposals up for a vote: one management proposal regarding the company's energy transition strategy and one shareholder proposal regarding GHG reduction targets.

In line with our updated approach to assessing management proposals related to climate, or so-called Say on Climate resolutions (SOCs), we decided to vote Against the company's proposal regarding its Energy Transition Strategy as we identified further areas of improvement. These include absolute targets in the intermediary term, alignment of the carbon intensity metric with the TPI methodology, and further disclosures on the investment and the climate transition strategy.

Unlike the SOC proposal , we voted in favor of the shareholder resolution regarding GHG emissions reduction targets, which was filed by the Dutch investor activist group Follow This . Generally, we support reasonable shareholder proposals that ask for targets, reporting, and the development of strategies that are aligned with the goals of the Paris agreement.

Comparing the vote outcomes with last year's AGM results, we notice a decline in support rates for both the SOC proposal (from 89% to 80%) and the resolution filed by Follow This (from 30% to 20%). On the one hand, it seems that investors have become stricter on the company's climate transition action plan. However, on the other hand, it seems that some investors weigh the current energy crisis in their voting decision for the shareholder proposal. All in all, very interesting developments that we will continue to monitor going forward.

Disclaimer

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BORDER TO COAST GLOBAL EQUITY ALPHA FUND

ESG & CARBON REPORT

Q2 2022

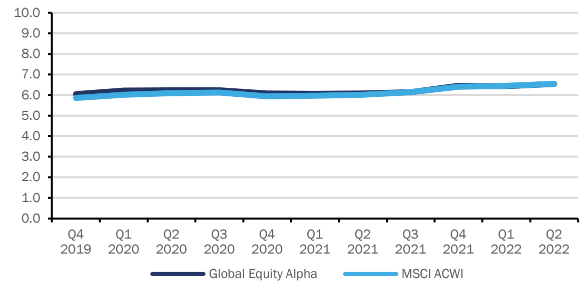
MSCI ESG RATING

AA

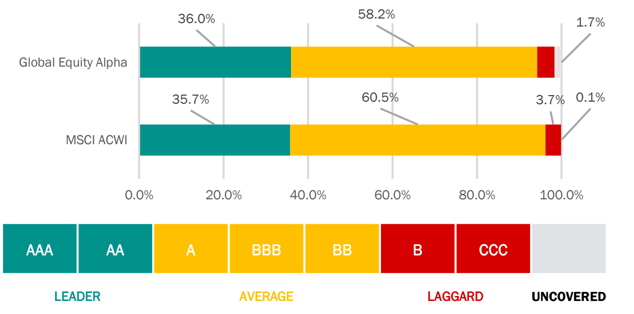
BORDER TO COAST PENSIONS PARTNERSHIP

	Q2 2022 Position [1]			Key	
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark	(green)	Fund has an equal or better *Weighted ESG Score* than the benchmark.
Global Equity Alpha	AA [1]	6.5 [1]	(green)	(amber)	Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
MSCI ACWI	AA [1]	6.5 [1]		(red)	Fund has a *Weighted ESG Score* more than 0.5 below the benchmark.

MSCI Weighted Score Trend[1]



MSCI ESG Weightings Distribution[1]



Highest ESG Rated Issuers [1]	% Portfolio Weight	% Relative Weight	MSCI Rating	Lowest ESG Rated Issuers [1]	% Portfolio Weight	% Relative Weight	MSCI Rating
ASML Holding	2.0%	+1.7%	AAA [1]	Vitesco Technologies Group	0.9%	+0.9%	B [1]
Microsoft Corporation	1.1%	-2.2%	AAA [1]	Airbnb	0.7%	+0.7%	B [1]
Allianz SE	0.9%	+0.7%	AAA [1]	Adient	0.7%	+0.7%	B [1]
Nvidia Corporation	0.6%	-0.1%	AAA [1]	META Platforms	0.5%	-0.1%	B [1]
Diageo	0.8%	+0.6%	AAA [1]	Helmerich & Payne	0.2%	+0.2%	B [1]

Quarterly ESG Commentary

- Marginal increases in the Weighted ESG score in both the Fund and benchmark saw both increase their rating to ‘AA’ over the quarter.
- The Fund saw several upgrades over the period, including Fiserv, Danaher, Charter Communications and EasyJet. Automotive components company. BorgWarner, was the sole downgrade due to increasing risks associated with warranty payments.

Feature Stock: Vitesco Technologies Group

Vitesco Technologies Group (‘Vitesco’) is a company that was spun-out of Continental and focuses on the systematic shift to hybrid and electric vehicles via its Electrification Technologies division. Following its spin-off, Vitesco’s shares were trading at attractive levels, given a multi-year order backlog, solid recent customer wins, and competitive positioning in the market for electronic control units.

While the company is still in the early stages of operating as a standalone entity (having only received its initial MSCI rating in Q1 2022), its commitment to cutting its own emissions, and its role powering the electrification of an increasing share of the global automotive market, positions it favourably to both assist with and benefit the transition to a lower carbon economy.

Engagement has been carried out with the company due to the current chairman’s historical ties to Russian corporations, most recently serving on the board of the European subsidiary of Russian Bank, Sberbank, from which he resigned in February 2022. Despite constructive dialogue held with Vitesco’s supervisory board on this topic, Border to Coast took the decision to vote against his appointment as chairman at this year’s AGM.

[1] Source: MSCI ESG Research 30/06/2022

BORDER TO COAST GLOBAL EQUITY ALPHA FUND

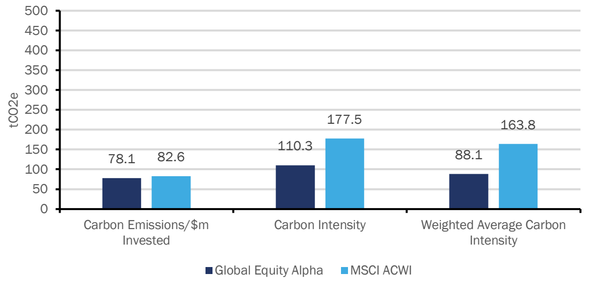
ESG & CARBON REPORT

Q2 2022

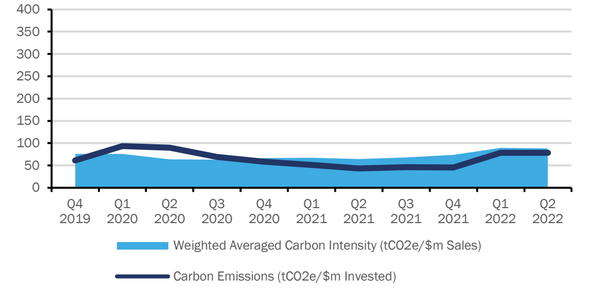
MSCI ESG RATING

AA

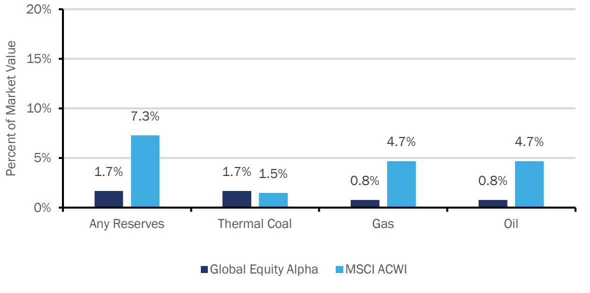
Carbon Emissions and Intensity[1]



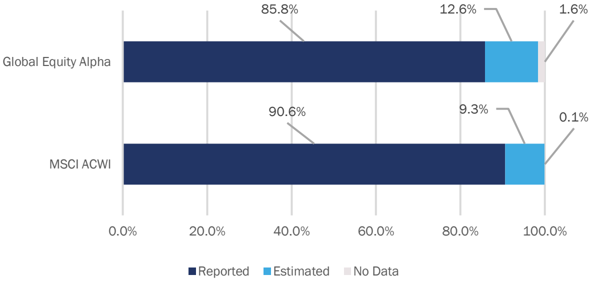
Weighted Average Carbon Intensity Trend[1]



Weight of Holdings Owning Fossil Fuel Reserves[1]



Availability of Carbon Emissions Data (% of Market Value)[1]



Largest Contributors to Weighted Average Carbon Intensity [1]

	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
Holcim	0.6%	+0.5%	26.9% [1]	Yes	4
HeidelbergCement	0.4%	+0.4%	16.7% [1]	Yes	3
Linde	1.0%	+0.7%	15.8% [1]	No	4
EasyJet	0.5%	+0.5%	6.4% [1]	No	3
Berkshire Hathaway	0.8%	+0.1%	2.8% [1]	Yes	1

Quarterly Carbon Commentary

- The Fund’s carbon intensity metrics were broadly stable over the quarter and remain materially below the benchmark.
- Exposure to fossil fuel reserves comes primarily from the Fund’s allocation to diversified minding company, Glencore, which represents c.0.8% of the overall Fund.

Feature Stock: Berkshire Hathaway

Berkshire Hathaway is a holding company that operates through a variety of subsidiaries, spanning insurance, energy, rail transport, and consumer products.

The company’s underlying businesses enjoy unique strengths in areas such as cost, scale, and market share, and the board and management team have a track record of creating value for shareholders. The climate risk profile of Berkshire Hathaway's operating companies is extremely varied, but by far the most carbon-intensive subsidiary is Berkshire Hathaway Energy (BHE), an electric utility that has exposure to coal-fired generation. However, BHE is moving away from fossil fuels: the share of coal in its generating portfolio halved between 2005 and 2020, and as of last year, non-carbon generating assets represented over 70% of installed capacity. BHE has invested over $34 billion in renewable generation to date and aims to achieve net zero carbon emissions by 2050.

[1]Source: MSCI ESG Research 30/06/2022

Issuers Not Covered [1]		
Reason	ESG (%)	Carbon (%)
Company not covered	1.1%	1.0%
Investment Trust/ Funds	0.6%	0.6%

[1]Source: MSCI ESG Research 30/06/2022

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BORDER TO COAST
UK LISTED EQUITY FUND

ESG & CARBON REPORT

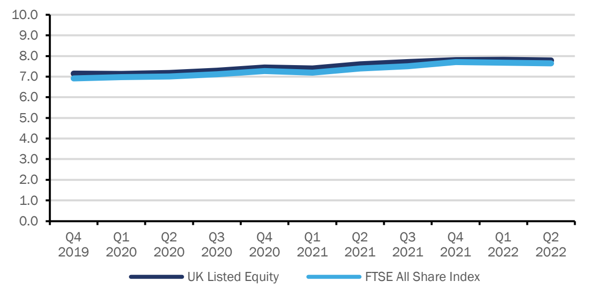
Q2 2022

MSCI ESG RATING
AAA

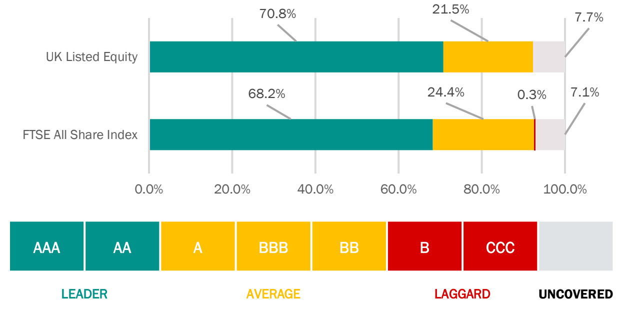
PENSIONS PARTNERSHIP

	Q2 2022 Position [1]			Key	
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark	(green)	Fund has an equal or better *Weighted ESG Score* than the benchmark.
UK Listed Equity	AAA [1]	7.8 [1]	(green)	(amber)	Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
FTSE All Share Index	AAA [1]	7.7 [1]		(red)	Fund has a *Weighted ESG Score* more than 0.5 below the benchmark.

MSCI Weighted Score Trend[1]



MSCI ESG Weightings Distribution[1]



Highest ESG Rated Issuers [1]				Lowest ESG Rated Issuers [1]			
	% Portfolio Weight	% Relative Weight	MSCI Rating		% Portfolio Weight	% Relative Weight	MSCI Rating
Diageo	3.9%	+0.4%	AAA [1]	TP ICAP	0.2%	+0.2%	BB [1]
Relx	2.2%	+0.4%	AAA [1]	British American Tobacco	3.2%	-0.3%	BBB [1]
National Grid	2.0%	+0.3%	AAA [1]	Glencore	1.8%	-0.7%	BBB [1]
CRH	1.2%	+0.2%	AAA [1]	Smith & Nephew	0.7%	+0.2%	BBB [1]
Legal & General Group	0.8%	+0.2%	AAA [1]	M&G	0.5%	+0.2%	BBB [1]

Quarterly ESG Commentary

- The ESG Weighted score remained consistent in the quarter, retaining its ‘AAA’ Rating and slightly above the benchmark. This is due to the Fund holding a higher weighting of companies considered to be ‘Leaders’ and no ‘Laggards’.
- The Fund is generally underweight the lowest ESG rated companies relative to the benchmark.

Feature Stock: Smith & Nephew

Smith & Nephew develops and markets advanced medical devices specialising in orthopaedic reconstruction (hip and knee replacements), sports medicine and advanced wound management. It operates globally with exposure to attractive growth markets (advanced wound management and sports medicine) alongside a more mature orthopaedic division. Historically commercial execution has sometimes fallen short of expectations (product recalls and late adoption of robotics) but has improved notably since 2019 under a new management team. The elective nature of some procedures has been impacted by Covid followed by supply chain challenges, with recovery only now finally emerging. The appointment earlier this year of a new CEO with a track record in the industry for successfully managing turnarounds, offers potential for further progress.

MSCI ESG rating is currently rated ‘BBB’ following a downgrade from an ‘A’-rating in April 2021 At the time this reflected product recall issues for a hip resurfacing product and components. The products in question were withdrawn or phased out between 2012 and 2015 and as such are unlikely to present a risk to new liabilities in the future. While there is ongoing litigation the company provides regular updates to shareholders in their Annual Report. Similar claims are endemic to the medical device industry. Smith & Nephew scores above peers for other material ESG issues such as governance and human capital.

[1]Source: MSCI ESG Research 30/06/2022

BORDER TO COAST UK LISTED EQUITY FUND

ESG & CARBON REPORT

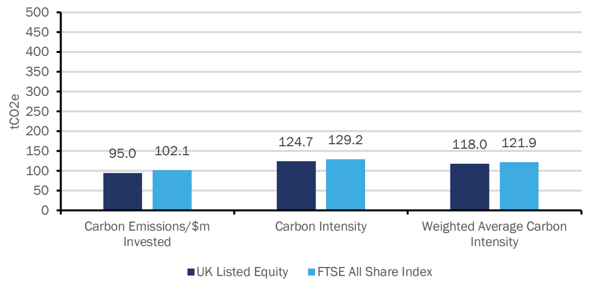
Q2 2022

MSCI ESG RATING

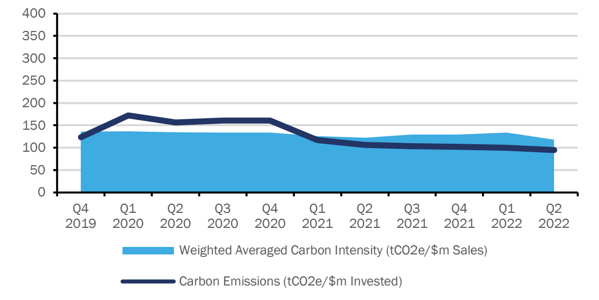
AAA

PENSIONS PARTNERSHIP

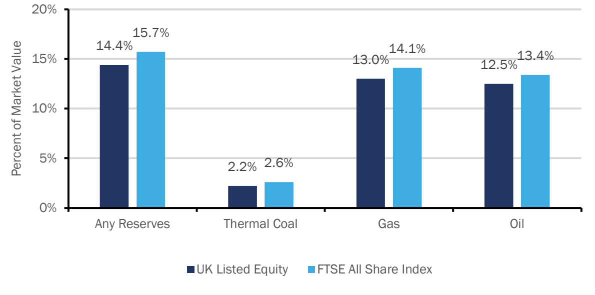
Carbon Emissions and Intensity[1]



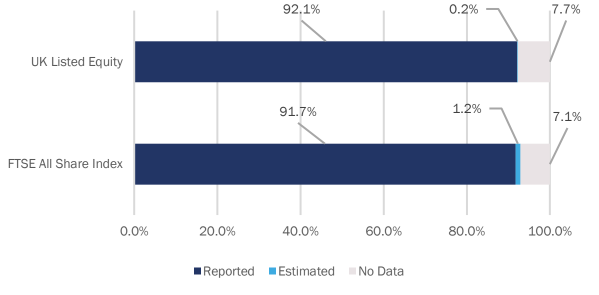
Weighted Average Carbon Intensity Trend[1]



Weight of Holdings Owning Fossil Fuel Reserves[1]



Availability of Carbon Emissions Data (% of Market Value)[1]



Largest Contributors to Weighted Average Carbon Intensity [1]

	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
Shell	7.5%	+0.4%	27.2% [1]	Yes	4
CRH	1.2%	+0.2%	12.3% [1]	Yes	4
Rio Tinto	2.1%	-0.3%	9.3% [1]	Yes	4
National Grid	2.0%	+0.3%	6.3% [1]	Yes	4
BP	2.9%	-0.4%	6.2% [1]	Yes	4*

Quarterly Carbon Commentary

- The Fund is currently below the benchmark for carbon emissions, carbon intensity and weighted average carbon intensity (WACI) and all carbon metrics reduced in the quarter.
- All of the largest contributors to portfolio WACI are rated Level 4 or 4* by the Transition Pathway Initiative (highest rating) and many have sector leading Carbon Transition Plans to be net-zero by 2050.

Feature Stock: BP

BP continues to recycle cashflows from the hydrocarbon business into the energy transition. This is to be achieved by investing $3bn to $4bn of capital expenditure per year in low carbon investments by 2025 rising to $5bn a year by 2030. Through these investments they aim to deliver between $9bn and 10bn of earnings, before interest, taxes, depreciation and amortisation (EBITDA), from low carbon businesses by 2030, with the majority coming from the five growth areas of bioenergy, convenience, EV charging, renewables and hydrogen.

The most recent update from the company saw them increase their net-zero ambitions by committing to reduce operational emissions 50% by 2030, compared with their previous commitment of 30-35%. BP has also expanded the scope of its emissions reduction plan to include physically traded sales of energy products and updating their 2030 aim to 15-20%. This leaves the company aiming for net zero across operations, production and sales by 2050 or sooner. This is one of the most ambitious and detailed energy transition plans across the Energy sector.

[1]Source: MSCI ESG Research 30/06/2022

Issuers Not Covered [1]		
Reason	ESG (%)	Carbon (%)
Company not covered	0.1%	0.1%
Investment Trust/ Funds	7.6%	7.6%

[1]Source: MSCI ESG Research 30/06/2022

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[1]Source: MSCI ESG Research 30/06/2022

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BORDER TO COAST STERLING INVESTMENT GRADE CREDIT FUND

ESG & CARBON REPORT

Q2 2022

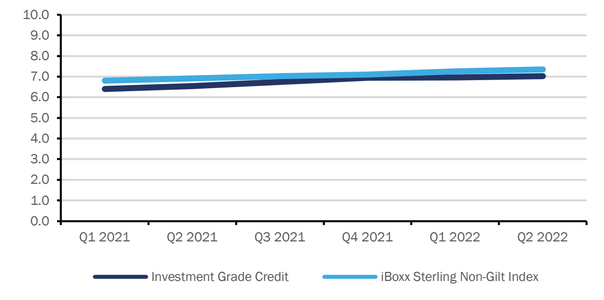
MSCI ESG RATING

AA

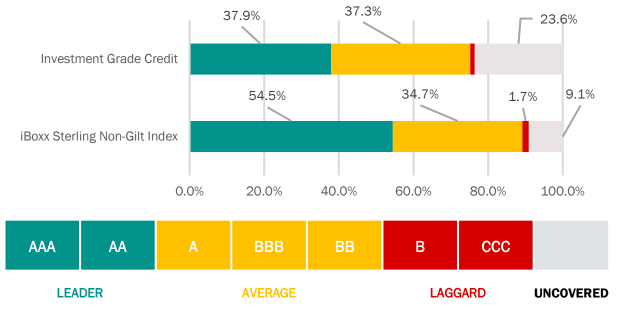
BORDER TO COAST PENSIONS PARTNERSHIP

	Q2 2022 Position [1]			Key	
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark	(green)	Fund has an equal or better *Weighted ESG Score* than the benchmark.
Investment Grade Credit	AA [1]	7.0 [1]	(amber)	(amber)	Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
iBoxx Sterling Non Gilt Index	AAA [1]	7.4 [1]		(red)	Fund has a *Weighted ESG Score* more than 0.5 below the benchmark.

MSCI Weighted Score Trend[1]



MSCI ESG Weightings Distribution[1]



Highest ESG Rated Issuers [1]			
	% Portfolio Weight	% Relative Weight	MSCI Rating
European Investment Bank	2.5%	-2.3%	AAA [1]
KFW	0.9%	-3.4%	AAA [1]
Legal & General Group	0.6%	+0.1%	AAA [1]
Enel Finance International	0.6%	-0.1%	AAA [1]
IBRD	0.6%	-2.0%	AAA [1]

Lowest ESG Rated Issuers [1]			
	% Portfolio Weight	% Relative Weight	MSCI Rating
America Movil	0.5%	+0.1%	B [1]
Volkswagen International Finance	0.3%	-0.1%	B [1]
Pfizer	0.2%	-0.1%	B [1]
Volkswagen Financial Services	0.2%	-0.5%	B [1]
AT&T	0.2%	-1.0%	BB [1]

Quarterly ESG Commentary

- The ESG Weighted score was stable over the quarter, being marginally below that of the benchmark index overall.
- The lower scoring relative to the benchmark is driven by active positioning, with the Fund holding fewer companies considered to be ‘Leaders’. Despite this the Fund retains its very high rating of AA, which is classed as 'Leader'.
- While the availability and quality of ESG data has been improving in recent years, there can still be material gaps across the fixed income market. This is particularly prevalent where a debt-issuing entity does not also issue publicly-listed equity, which, in most cases, the fixed income issuer maps to.

Feature Stock: America Movil

America Movil provides telecommunications services in Latin America and internationally. The company offers wireless and fixed voice services, including local, domestic, and international long-distance services; and network interconnection services. The company continues to look attractive from a fundamental credit perspective and there are expectations that the company will bring down its debt levels to its long-term target once the spinoff of its tower business is completed in Q3 of this year. Management has guided that a significant portion of its net debt obligations (13.2%) would be transferred to the spin off company.

The labour-intensive nature of the company’s operations exposes it to potential labour management challenges. On the governance front, the company has also been flagged for board entrenchment, lack of gender diversity, and limited disclosure on executive compensation. Engagement has been held with the company’s investor relations and sustainability teams, focusing on corporate governance. It was noted that while the company scores relatively poorly it is working towards improvements with respect to gender diversity and board members’ broader experience and tenure. The company conducted its first overview of the board’s practices and membership in November 2021 and will share results with investors, along with annual sustainability report.

[1]Source: MSCI ESG Research 30/06/2022

BORDER TO COAST STERLING INVESTMENT GRADE CREDIT FUND

ESG & CARBON REPORT

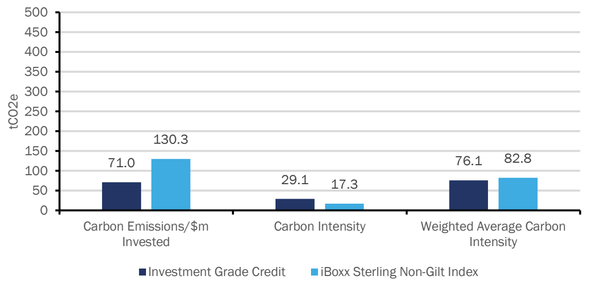
Q2 2022

MSCI ESG RATING

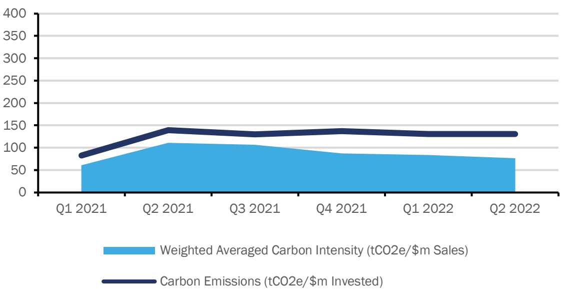
AA

BORDER TO COAST PENSIONS PARTNERSHIP

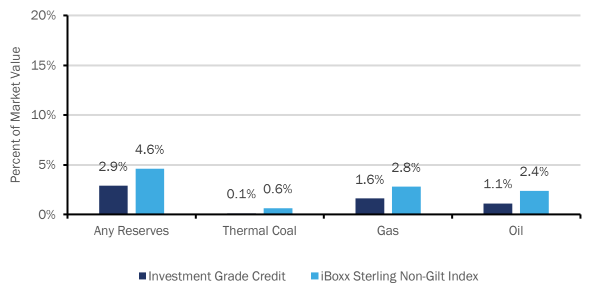
Carbon Emissions and Intensity[1]



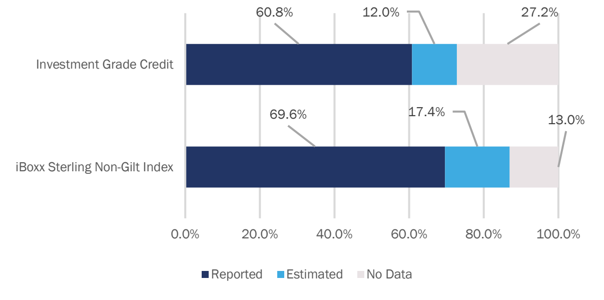
Weighted Average Carbon Intensity Trend[1]



Weight of Holdings Owning Fossil Fuel Reserves[1]



Availability of Carbon Emissions Data (% of Market Value)[1]



Largest Contributors to Weighted Average Carbon Intensity [1]

	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
London Power Networks	0.5%	+0.4%	6.8% [1]	No	N/A
Enel Finance International	0.6%	-0.1%	6.7% [1]	Yes	4
EDF	1.1%	-0.2%	6.5% [1]	Yes	4
South Eastern Power Networks	0.4%	+0.2%	4.9% [1]	No	N/A
Transport for London	1.0%	+0.5%	4.5% [1]	No	N/A

Quarterly Carbon Commentary

- The Fund is currently below the benchmark for weighted average carbon intensity (WACI). The largest contributor, London Power Networks, is an overweight position relative to benchmark and the company is discussed in more detail below. No single position dominates the portfolio WACI.
- Exposure to companies owning fossil fuel reserves is lower relative to the benchmark. The largest contributors include BP (via their financing vehicle), Equinor and Centrica.

Feature Stock: London Power Networks

London Power Networks, which is owned by UK Power Networks, transmits, generates and distributes electricity to domestic, commercial, and industrial customers. UK Power Networks is the 2nd largest operator of electricity distribution assets in the UK, with a stable outlook due to strong cash flow visibility and a track record of strong operational performance.

Electricity distribution is one of the core sectors in the transition towards low carbon energy. Increasingly major industries are switching from fossil fuels to electricity, and UK power networks is actively working with industry and policymakers to facilitate the change. UK Power networks launched its Green Action Plan in 2019, addressing areas where it impacts on the environment. Green Action Plan gives a framework on ambitions to reduce waste, water usage, carbon emissions and air and noise pollution, while increasing the biodiversity of many sites. UK Power Networks has also become the first electricity network operator to achieve the Carbon Trust Standard for carbon.

[1]Source: MSCI ESG Research 30/06/2022

Issuers Not Covered [1]		
Reason	ESG (%)	Carbon (%)
Company not covered	18.5%	22.1%
Investment Trust/ Funds	5.1%	5.1%

[1]Source: MSCI ESG Research 30/06/2022

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[1]Source: MSCI ESG Research 30/06/2022

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Agenda Item 8

Lincolnshire COUNTY COUNCIL
Working for a better future

Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	**Pensions Committee**
Date:	**22 September 2022**
Subject:	**Pensions Administration Report**

Summary:

This is the quarterly report by the Fund's pension administrator, West Yorkshire Pension Fund (WYPF).

Matt Mott, Governance and Business Development Manager from WYPF, will update the Committee on current administration issues.

Recommendation(s):

That the Committee discuss the activity and performance of the administration service during the last quarter.

Background

1.0 Performance and Benchmarking

1.1 WYPF uses workflow processes developed internally to organise their daily work with target dates and performance measures built into the system. The performance measures ensure tasks are prioritised on a daily basis, however Team Managers have the flexibility to re-schedule work should time pressure demand.

1.2 The table over the page shows the performance against key areas of work for the period 1 April 2022 to 30 June 2022.

KPI's for the period 01.04.22 to 30.06.22						
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT	AVERAGE TIME TAKEN
AVC In-house (General)	42	20	42	85	100	2
Change of Address	238	10	223	85	93.7	2.86
Change of Bank Details	84	10	76	85	90.48	5.94
Death Grant Nomination Form Received	608	20	487	85	80.1	9.37
Death Grant to Set Up	27	10	25	85	92.59	2.81
Death In Retirement	138	10	109	85	81.5	6.81
Death In Service	5	10	5	85	100	2.6
Death on Deferred	9	10	7	85	77.78	6.56
Deferred Benefits Into Payment Actual	223	5	220	90	98.65	1.15
Deferred Benefits Into Payment Quote	256	35	249	85	97.27	7.77
Deferred Benefits Set Up on Leaving	514	20	256	85	49.81	37.28
Divorce Quote	43	20	40	85	93.02	9.51
Divorce Settlement Pension Sharing order Implemented	1	80	1	100	100	1
Enquiry	6	5	6	85	100	1.17
Estimates for Deferred Benefits into Payment	3	10	3	90	100	6.67
General Payroll Changes	93	10	90	85	96.77	1.27
Initial letter Death in Retirement	138	10	137	85	99.28	1.67
Initial Letter Death in Service	5	10	5	85	100	1

Initial letter Death on Deferred	9	10	8	85	88.89	4.33
Interfund Linking In Actual	39	35	33	85	84.62	20.28
Interfund Linking In Quote	42	35	15	85	35.71	59.62
Interfund Out Actual	100	35	49	85	49	101.18
Interfund Out Quote	100	35	90	85	90	18.16
Monthly Posting	737	10	662	95	89.82	3.22
NI adjustment to Pension at State Pension Age	13	20	13	85	100	18.08
Payment of Spouses _Child Benefits	59	5	49	90	86.44	3.58
Pension Estimate	128	10	79	90	66.41	11.04
Pension Saving Statement	1	20	1	100	100	1
Phone Call Received	1097	3	1068	95	97.36	1
Refund Actual	84	10	84	95	100	1
Refund Quote	106	35	106	85	100	1.15
Retirement Actual	154	3	150	90	97.4	1
Spouse Potential	4	20	4	85	100	4
Transfer In Actual	15	35	15	85	100	1
Transfer In Quote	61	35	61	85	100	1.72
Transfer Out Payment	23	35	21	85	91.3	15.22
Transfer Out Quote	111	20	105	85	94.59	6.47
Update Member Details	262	20	262	100	100	1

Comment – The KPI for Death Grant Nomination Form Received was not met in April due to other priority work. However, in May and June the minimum target percentage was met as additional resource was used to update member records.

Comment – The KPI for Death In Retirement was not met in May due to the Pensioner Services Team training new staff in this area of work. This had an impact on the time taken to process cases but now staff are trained this has provided extra resource within the team and in this area of work.

Comment – The KPI for Death on Deferred was not met this quarter due to the Pensioner Services Team not completing 2 cases in April and May within the target days.

Comment – The KPI for Deferred Benefits Set Up On Leaving was not met this quarter due to staff working on historic cases (which will have already not met the KPI) to reduce outstanding numbers. This area of work has been prioritised due to the triennial valuation.

Comment – The KPI's for some of the Interfund areas of work has not been met this month due to historic cases being processed for ABS production. Employers across all funds are currently sending in leaver notifications that have been outstanding in preparation for the triennial valuation. This has had an impact on the levels of work and has increased the numbers of linkings and interfunds out.

Comment – The KPI for Monthly Posting has not been met this quarter due to the current workloads within the Finance Team. The Team are currently helping the Contact Centre answer phones due to the increase in calls we are receiving following the ABS/DBS production and My Pension registrations.

Comment – The KPI for Payment of Spouses & Child Benefits was not met this quarter due to the Pensioner Services Team training new staff in this area of work. This had an impact on the time taken to process cases but now staff are trained this had provided more resource in the team and this area of work.

Comment – The KPI for Pension Estimate has not been met this month due to the high volume of estimates requests being received as members receive their ABS. Estimates received with a date of retirement within 3 months have been treated as a priority and future estimates have been processed but there have not been enough experienced staff to check the number of estimates that have been produced. Additional resources are being put into this area with two extra members of staff being trained.

2.0 Scheme Information

2.1 Membership numbers in the Lincolnshire Fund are as follows:

Numbers	Active	Deferred	Pensioner	Frozen	Undecided
LGPS	25,172	25,944	26,338	2,506	680
Percentage of Membership	31.22	32.17	32.66	3.11	0.84
Change from Last Quarter	+813	+257	+230	-53	+130

2.2 Age Profile of the Scheme

	Age Groups												
Status	U20	20-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70	70 +	TOTAL
Active	273	1794	1851	2339	2813	3029	3426	4059	3310	1848	356	74	25,172

2.3 Employer Activity - During 1 April 2022 to 30 June 2022

New Academies and Education Trusts	0
New Town and Parish Council	0
New Admission Bodies	0
Total of New Employer	**0**
Employers Exited	2
Total Numbers of employers	**274**

The exiting employers were G4S (the contract was ended by Lincolnshire Police) and Making Space (final active member ceased employment).

3.0 Member and Employer Contact

3.1 Over the quarter April to June 2022 we received **0** online customer responses.

Over the quarter April to June 2022, **128** Lincolnshire member's sample survey letters were sent out and **12 (9.4%)** returned:

Overall Customer Satisfaction Score:

April to June 2021	**July to September 2021**	**October to December 2021**	**January to March 2022**	**April to June 2022**
81.7%	96.9%	91.5%	95.3%	80.2%

Appendix A – Customer Surveys

3.2 Employer Training

Over the quarter 1 April 2022 to 30 June 2022 no employer webinars were held. Employer surgeries were trialled to help employers on a one-to-one basis who had received queries because of the ABS production which were blocking a member getting a statement. The webinars have started again from July and these can be attended by employers across all four funds that WYPF administer.

4.0 Internal Dispute Resolution Procedure (IDRP)

4.1 All occupational pension schemes are required to operate an IDRP. The LGPS has a 2-stage procedure. Stage 1 appeals, which relate to employer decisions or actions, are considered by a person specified by each employer to review decisions (the 'Adjudicator'). Stage 1 appeals relating to appeals against administering authority decisions or actions are considered by the Head of Pensions. Stage 2 appeals are considered by WYPF.

<u>Stage 1 appeals against the fund</u>
There are no appeals currently outstanding.

Date of appeal	Reason for appeal	Current position /Outcome	Date decision letter sent
24/05/2022	Appeal against pay figures used in pension estimate.	Appeal upheld as the assessment of final pay had not taken into account the provisions of the 1997 Regulations. Referred back to Service Centre (WYPF) who have requested the employer (LCC) to undertake a further assessment.	25/07/2022

<u>Stage 1 appeals against scheme employers</u>
There are currently no appeals outstanding.

Date of appeal	Reason for appeal	Current position /Outcome	Date decision letter sent
04/03/2022	Appeal against being refused an ill health pension.	LCC have issued a decision letter offering the member a further medical review.	15/06/2022

<u>Stage 2 appeals</u>
One appeal is currently outstanding.

Date application received	Reason for appeal	Current position/outcome	Date decision letter sent
11/03/2022	Appeal against decision re ill health retirement.	Decision letter has been sent and the appeal was turned down.	20/06/2022
11/07/2022	Appeal against refusal of employer to award an ill health pension.	Acknowledgement sent 11/07/2022.	

4.2 Ombudsman

There are currently no appeals outstanding.

5.0 Administration Update

5.1 Employer Work

During this period WYPF worked on two new Academies/Prime location schools and seven new admission bodies.

Academies/Prime location schools

- Both academies are due to convert to academy status during the Autumn term

Admission bodies

- One admission relates to an outsourcing which is due to take place in 2023
- Five admissions relate to transfers that have taken place, but the admission is still being concluded
- One admission relates to a new admission due to take place from 1 September 2022

5.2 Staffing

Finance – There are currently no vacant posts in the Finance Team.

Service Centre – The recent recruitment exercise for the Pension Officer posts resulted in three applicants being offered a post and they will be starting at the beginning of September. There continues to be ongoing Pension Officer recruitment as there are 15 vacant posts and these are currently being advertised. The next exercise to recruit to these posts will start in the next couple of weeks and a number of applications have already been received.

5.3 Audits undertaken by Bradford Councils Internal Audit:

a) **Shared Service Partner Admission**

It is audit's opinion that the standard of control of identified risks in the system is **good**.

The audit review has determined that most of the risks examined were found to be effectively managed. The control environment is largely as expected but would benefit from some enhancement to support the achievement of key business objectives.

Internal Audit made **6** recommendations for improvement which Managers have now implemented.

b) **New Pensions and Lump Sums Deferred Pensions**

It is audit's opinion that the standard of control of identified risks in the system is **good.**

The audit review has determined that the identified risks are being effectively managed. The control environment is as expected and supports the achievement of key business objectives.

Internal Audit made **1** recommendation for improvement which Managers are currently looking at implementing.

5.4 Data improvement

WYPF IT have identified a suitable supplier for intelligent character recognition software which can potentially identify data quality items from scanned paperwork on a member's record. This will include some support from Civica and we are currently waiting for them to send us a proposal for access to the image server and routes to make this development happen.

5.5 MyPension

WYPF have requested Civica for a change to the functionality on MyPension which will allow WYPF to see how many members have viewed their Annual Benefit Statement. We are currently waiting for Civica to confirm when this will be released.

6.0 Current Technical Issues

See Appendix B.

7.0 Web Registrations

The number of members registered for online member web are:

Status	January to March 22	% of membership	April to June 22	% of membership
Active	8,528	35.01%	9,819	39.01%
Deferred	6,421	25.00%	7,524	29.00%
Pensioner	8,813	33.76%	9,328	35.42%

8.0 Shared service Budget

8.1 WYPF shared cost monitoring July 22

WYPF SHARED SERVICE	2021/22 OUTTURN PD13 £000	2021/22 COST PER MBR	2022/23 BUDGET £000	2022/23 ACTUAL D04 JUL £000	2022/23 FORECAST PD04 JUL £000	2022/23 VAR BGT - PD04 FAV (ADV) £000	2022/23 COST PER MBR PD4	2023/24 FORECAST YR1 £000	2023/24 COST PER MBR
Accommodation	203	£0.42	125	31	179	-54	£0.37	224	£0.46
CBMDC Support Services	210	£0.44	215	0	231	-16	£0.47	231	£0.47
Computer	439	£0.91	216	642	756	-540	£1.55	554	£1.13
Contingency - Invest to save	0	£0.00	500	0	306	194	£0.63	306	£0.62
Employees	3,820	£7.94	4,224	1,364	4,494	-270	£9.18	4,327	£8.82
Other Running Costs	180	£0.38	191	41	196	-5	£0.40	199	£0.41
Printing & stationery	371	£0.77	295	84	388	-93	£0.79	408	£0.83
WYPF Support Services	1,582	£3.29	2,275	0	1,935	340	£3.95	2,287	£4.66
WYPF SHARED SERVICE EXPENDITURE	**6,805**	**£14.15**	**8,041**	**2,162**	**8,485**	**-444**	**£17.34**	**8,536**	**£17.40**
			£17.67				**-£0.33**		
MEMBER NUMBER		**480,970**	**482,400**			**17.34**	**489,468**		**490,589**

WYPF IS CHARGED	**4,355,375**	**307,796**			**5,412,466**	**17.34**	**312,225**
PARTNERS ARE CHARGED	**2,450,447**	**173,174**			**3,072,534**	**17.34**	**177,243**
TOTAL (in 22-23 £1 was added to £16.67 for McCloud).	**6,805,822**	**480,970**	**£17.67**		**8,485,000**	**17.34**	**489,468**

Net overspend of £0.44m projected. Overspend projected on accommodation, computer – due to McCloud remedy system costs provisions, increased staffing resources for Pension Admin, printing and stationery. Underspend – transfer of funds from investments to save and support increased staffing resources, computing and IT. Increased computer spend will be funded by the extra £1 charge per member across shared services.

Planned cost per member was £17.67 (£16.67 + £1 for McCloud), latest is £17.34 (£16.34 + £1 for McCloud)

a. **Accommodation** overspend of £0.05m – planned repairs and cost of utilities, however, there is reduced foot fall in the building, with resulting reduction in cleaning and general maintenance.

b. **CBMDC support service cost** - projecting an overspend of £0.02m, we have been informed of a review of central support charges, with our increased number of staff in recent years, we are expecting a small increase.

c. **Computer costs / IT** – overspend of £0.54m, mainly due to provisions being made for McCloud system development. This is being funded by increased charges per member of £1.00 for total shared members of 489,468 (WYPF 312,225; partners 117,243).

d. **Invest to save** - out of a provision of £0.50m, £0.31m is left. £0.19m is being used to fund staffing resources mainly within Pension Admin, and additional spend for computing cost and IT across WYPF (network, servers, equipment etc. separate from McCloud).

e. **Employees** – overspend of £0.27m, mainly due to increased staffing resources in pension admin. Whilst, increased staffing resources is needed in all areas to address constant shifting regulations, the good news is we have seen more success in recruiting more staff in the Pension Admin area.

f. **Printing and stationery** overspend of £0.10m, increased printed communications for new shared service partners' members. We expect this forecast to go down from increased uptake of digital services.

g. **WYPF support services** cost is fully recharged to Pension Admin and Investment Management proportional to service provided, this is reviewed annually. Currently projecting underspend, again due to vacancies on the down side, on the upside we do have a number of projects that are being delivered using internal resources, the net result is a net saving.

Recharge for 2021/22 was reduced as a result of underspend, marginally went up due to increased member numbers and the charge for McCloud.

Lincolnshire LGPS	MBR NO MAR22	2021/22 REVISED BUDGET	2021/22 ACTUAL	VAR BDGT-ACT PD12	2021/22 COST PER MBR	2022/23 BUDGET	MBR NO MAY22	2022/23 COST PER MBR PD04	2022/23 FORECAST PD04
CHARGE ACTUAL / FORECAST	79,131	**£1,141,570**	**£1,122,078**	**£19,492**	14.18	**£1,398,245**	79,998	£17.34	**£1,386,997**

9.0 Awards

WYPF has not been shortlisted for any awards at the current time.

Conclusion

WYPF and LPF continue to work closely as shared service partners to provide an efficient and effective service to all stakeholders within the Lincolnshire Pension Fund.

Appendices

These are listed below and attached at the back of the report	
Appendix A	Customer Surveys
Appendix B	Current Technical Issues

Consultation

a) **Risks and Impact Analysis**

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Matt Mott, who can be contacted at matt.mott@wypf.org.uk

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Customer Survey Results - Lincolnshire Members
(1st April to 30th June 2022)

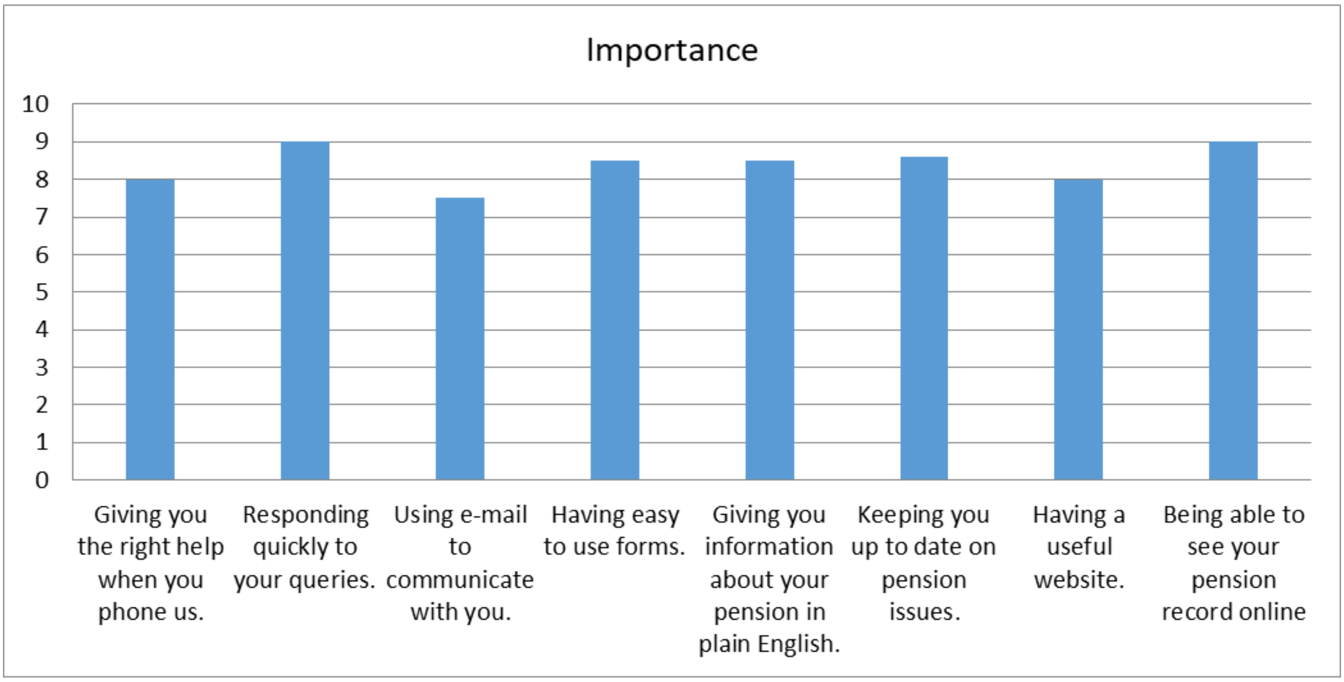
Over the quarter April to June we received **0** online customer responses.

Over the quarter April to June **128** Lincolnshire member's sample survey letters were sent out and **12 (9.4%)** returned:

Overall Customer Satisfaction Score;

April to June 2021	July to September 2021	October to December 2021	January to March 2022	April to June 2022
81.7%	96.9%	91.5%	95.3%	80.2%

The charts below give a picture of the customers overall views about our services;



Sample of positive comments:

Member Number	Comments
8041781	I was very happy because my pension was paid quickly. Very polite people on the phone, happy thank you.
8117831	Excellent both online and on the phone.
8027461	Professional easy to access. Very knowledgeable and very helpful staff.
8023149	Easy to follow online when I managed to get into it. Happy with your service, thanks.

Complaints/Suggestions:

Member Number	Comments	Summary of Acknowledgement Letter Sent to Member
8140071	Took too long to answer phone, operator was a little rude and accent difficult to understand. I wanted a balance of my account and I was told I would have to wait until May for a statement. Not a good service.	Response sent by Sandra - Letter sent apologising for call waiting times and explained our annual benefit statements start to be produced between May and August each year. If you have registered for our online service you will receive an email when yours is ready.
8136881	Worrying, I wish I had invested elsewhere. It’s taken over a year to transfer my previous pension to yourself. I have lost on the value because of the timing etc	Response sent by Lucy – Reasons for delay were explained.

Appendix B

Current Technical Issues

HM Revenue and Customs (HMRC)

Pension schemes newsletters https://www.gov.uk/government/collections/hm-revenue-and-customs-pension-schemes-newsletters

HMRC published newsletter 138 on 29 April 2022

- relief at source
- the annual allowance calculator
- Scheme Pays reporting
- non-taxable payments following a member's death and Real Time Information (RTI) reporting — charity lump sum death benefits
- pension scheme migration
- accounting for tax returns
- registration statistics
- pension flexibility statistics

HMRC published newsletter 139 on 31 May 2022

- relief at source — annual return of information for 2021 to 2022
- digitisation of relief at source
- managing Pension schemes service
- Accounting for Tax (AFT) returns

HMRC published newsletter 140 on 30 June 2022

- Pension scheme arrears and interest (covering equalising for GMP)
- Managing pension schemes service
- Accounting for Tax returns
- The Pensions Regulator's blog post on pension scams
- Scheme pays reporting clarification

The Pensions Ombudsman

Latest news from the Pensions Ombudsman (TPO) New online application form launched

TPO recently launched an enhanced online application form. The more user-friendly form is also smarter, with customers only required to answer relevant questions.

Updates from the Pensions Dashboards Programme (PDP)

Progress insights April 2022

The PDP published its April 2022 progress update report on 27 April 2022. On 29 April 2022 Chris Curry, PDP Principal, published a blog covering that report and hosted a webinar expanding on its content. You can read the PDP progress insights on the PDP website.

The blog covers:

- the need for pension schemes to act now to prepare for dashboards
- timelines and what to expect from DWP and the PDP
- ISP market development
- data matching and the need for improved data quality
- the process for partial matches.

Blog on consumer protection

David Reid, PDP Head of Policy, published a blog covering the consumer protection landscape for pensions dashboards.

Scheme Advisory Board (SAB)

Scheme annual report 2021 On 13 June 2022 SAB published the Scheme's annual report 2021.

The report provides a single source of information about the status of the LGPS for its members, employers and other stakeholders. The report collates information supplied by 86 administering authorities, as at 31 March 2021. Highlights include:

- total membership grew by 1.08 per cent from 6.160 million to 6.226 million
- total assets increased to £342 billion - a rise of 23.4 per cent
- local authority net return on investment from 1 April 2020 to 31 March 2021 was 20.56 per cent - reflective of market conditions
- a positive cash-flow was maintained overall, including investment income

- over 1.8 million pensioners were paid
- COVID-19 significantly impacted life expectancy - with a drop of 0.9 years and 0.5 years for males and females respectively (2019 figures versus 2020)
- total management charges increased by £196 million, an increase of 12.9 per cent - primarily driven by a rise in investment management charges, while administration, oversight and governance costs remained broadly stable.

DLUHC consultation on Oasis consolidation

The Department for Levelling Up, Housing and Communities (DLUHC) has confirmed it does not expect to make a final decision on the application to consolidate Oasis academies into one LGPS fund before autumn 2022.

DLUHC has twice consulted on the consolidation. The most recent one closed in February 2022. See bulletin 218 for more information.

Inducement to opt out

We have been made aware of a council job advert offering an additional cash allowance if staff opt out of the LGPS.

You may wish to remind your employers of the safeguards introduced by the Pensions Act 2008. The safeguards prohibit employers from discouraging members from joining or remaining in a workplace pension scheme (such as the LGPS).

See Automatic enrolment detailed guidance no.8 (safeguarding individuals) for more

TPR blog on climate reporting

On 10 June 2022, the Pensions Regulator (TPR) published a blog on climate reporting. This is in anticipation of around 100 pension schemes publishing their first reports, produced in line with the Climate Change Governance and Reporting Regulations.

TPR will review the reports. The outcome of their review will be used to provide high-level observations. It will also inform the Department for Work and Pension's review covering the:

- effectiveness of the regulations, and
- range of schemes to which the regulations should apply.

Cost Cap

GAD - Cost cap results published

On 29 June 2022, the Government Actuary's Department published the results of the first cost cap valuation for L G P S (England and Wales) and L G P S (Scotland).

The cost cap was introduced by the Public Service Pensions Act 2013. The Act requires the setting of an employer cost cap rate against which changes in the cost are to be measured. If the cost changes and falls outside a two per cent corridor above / below the rate, action must be taken to bring the cost back to the rate.

The results of the first valuations show that the cost has remained within the two per cent corridor for both schemes. This means no changes to benefits or member contributions are needed.

The employer cost cap rate for L G P S (England and Wales) is 14.6 per cent. The results for the valuation as at 31 March 2016 show that the cost is 1.2 per cent below the cost cap rate.

The employer cost cap rate for L G P S (Scotland) is 15.2 per cent. The results for the valuation as at 31 March 2017 show that the cost is 0.2 per cent above the cost cap rate.

Pension Dashboards

Pensions Dashboards Further consultation on dashboards launched

The DWP launched a further consultation on pension dashboards on 28 June 2022.

The further consultation supplements the consultation on the draft dashboard regulations. The consultation on the draft regulations ran from 31 January 2022 to 13 March 2022. See bulletin 220 for more information.

The further consultation sets out two proposals. The first proposal provides clarity on the 'Dashboard Available Point' (DAP). The second proposal allows the Money and Pensions Service and the Pensions Regulator to share information about dashboards with each other.

The DAP is the point at which dashboards will be available to all members of the public. The consultation proposes that the DWP will decide on the DAP and then give pension schemes 90 days' notice. It is hoped that this will give schemes sufficient time to make final preparations.

The consultation closes on 19 July 2022.

You can find a link to the consultation on the non-scheme consultation pages of www.lgpsregs.org

Pensions Dashboards Programme (PDP) update

Speaking at the Pensions Age Northern Conference Chris Curry, Principal of the Pensions Dashboards Programme (PDP), confirmed that:

• The Department for Work and Pensions (DWP) is expected to respond to the consultation on the draft regulations for pensions dashboards before summer recess (21 July 2022), See bulletin 222 for more information.

• The regulations will likely be laid in Parliament later this year.

• Dashboards are still on track for 2023, with less than 12 months until some schemes begin onboarding.

• Later in the year, PDP will run a further consultation on the specific standards for dashboards, which they will look to work with the industry through webinars and events.

• PDP has successfully tested an end to end version of the dashboards ecosystem and that the alpha phase of the project was complete.

TPR warns - your pensions dashboards deadline is coming

On 22 June 2022, TPR launched a new 'Deadline' campaign reminding trustees to start preparing for their pensions dashboards deadline. The campaign applies equally to scheme managers.

Staging Deadline

The staging deadline for the L G P S and all other public service pension schemes will be deferred from 30 April 2024 to 30 September 2024.

Schemes will be expected to meet the required standards (connection, security and technical) by 30 September 2024. They must also, by that date, be able to respond to find requests, complete matching and provide administrative and signpost data on request.

Administering authorities will need to be able to provide value data (accrued and projected values) by 1 April 2025. Though they can provide this earlier if they wish.

You can access the consultation documents on the:

• non-scheme consultations page of www.lgpsregs.org

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Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	**Pensions Committee**
Date:	**22 September 2022**
Subject:	**Employer Monthly Submissions Update**

Summary:

This paper provides the Committee with up-to-date information on Employer Monthly Submissions for the first quarter of the financial year 2022/23 (April to June inclusive).

Recommendation(s):

That the Committee consider the report and if there are any further actions they wish to take against employers submitting late or inaccurate payments or data.

Background

1.1 There are just over 270 contributing employers within the Lincolnshire Pension Fund. All employers have a statutory responsibility, as set out within the Pensions Act 1995, to ensure that they pay over contributions due to the Fund on a timely basis. The date these are due is set out in the Fund's Administration Strategy, which all employers have signed up to, and has been set as the 19th of the month following their payroll. The Fund considers an employer a 'late payer' if either the cash and/or the data is received after this date.

1.2 The Fund has in place robust processes for monitoring the receipt of payments and data from employers. Within the Pensions Team, the Finance Technician is responsible for monitoring employer contributions monthly. Additional checks on the detailed data submissions and employer rates are undertaken by the West Yorkshire Finance Team. The pensions system itself also identifies errors, queries, or where further information is required from the employer (e.g. additional leavers' information).

1.3 After any late payment (including data submission) an email is sent to the employer reminding them of their responsibilities. In addition to emailing employers, both the Lincolnshire and West Yorkshire Pension Fund teams are in regular contact with employers and their payroll providers to prompt payments/data submissions and clarify any queries. Much work has been put into building a good relationship with employers and payroll providers, to assist in understanding the monthly process they need to complete and the data they are required to supply.

1.4 A summary of all late contributions or data submissions since April 2022 is set out in table one below. Appendix A sets out the employers who were late, and details when the outstanding payment or information was received.

Table One: Late contributions and data submissions to June 2022

Month	Payment of Contributions		Submission of Data		Payment of Contributions and Submission of Data		Data and Payments do not Match / Incorrect Rate	
April	0	0.0%	6	2.2%	1	0.4%	5	1.8%
May	2	0.7%	9	3.3%	0	0.0%	2	0.7%
June	4	1.5%	10	3.7%	0	0.0%	6	2.2%
Total	**6**		**25**		**1**		**13**	

1.5 The analysis shows the number of employers making a late payment of contributions or missing both payment of contributions and data is a relatively small percentage of the overall number of employers. The occurrences of late data submissions are higher and have risen, when compared to the second half of 2021/22. The increased number of late data submissions in April is likely to be linked to year-end work demands across payroll providers. For May and June, there were late contributions from two payroll providers, who in total, manage contributions for six employers in the Fund. Serious IT issues, relating to upgrades on payroll systems, have caused these late contributions. The Fund is in regular contact with the payroll providers and employers and has been monitoring the situation closely. Complete resolutions at both payroll providers is close. Should these six employers (who historically have excellent track records) have not been late, May and June performance would have been in line with the good performance seen in the second half of 2021/22.

1.6 The first quarter of 2022/23 has also shown an increase in number of data submissions not matching the cash payments made to the Fund. Generally, these discrepancies are small in cash terms, however, employers have, and will continue to be contacted asking why these differences have arisen and to review their processes to ensure variances do not occur on future submissions. If there are issues with the data submitted, the Fund will liaise with employers and WYPF to ensure the necessary amendments are made.

1.7 None of the breaches individually have been material and therefore have not been reported to the Pensions Regulator; however, they have been included en masse in the breaches register.

1.8 If any employer makes contribution payments or submits data late in three out of six months on a rolling basis, they will receive a fine, unless they are able to offer extenuating circumstances. Fines are currently set at a minimum of £136. Table two sets out the number of fines issued since April 2022.

Table Two: Late contributions fines to June 2022

April	May	June
0	0	0

1.9 There were no fines issued in 2022/23 quarter one, however, there are four employers at immediate risk of receiving a fine should any of their cash or data be late in the coming 2-4 months. These employers have been notified of this risk and reminded of their responsibilities.

Conclusion

2.1 This report provides quarterly monitoring information on the timeliness and accuracy of employer submissions to help the Pensions Committee understand if there are any issues arising from late payments or data submissions and any further actions which are required to address employers not meeting their statutory responsibilities.

2.2 Employer submissions have increased in prominence as the number of employers within the scheme has increased. The Fund has responded to this by having a dedicated resource to monitor employer submissions and working closely with West Yorkshire and employers to reduce the numbers of late payers.

Consultation

a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

Appendices

These are listed below and attached at the back of the report	
Appendix A	Employers late payments and/or data contributions - quarter one 2022/23 (April - June inclusive)

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Claire Machej, who can be contacted on 01522 553641 or claire.machej@lincolnshire.gov.uk.

Late Contributions and Payments April - June 2022

April 2022

Employer	Late Cash Contributions	Date received	Late Data Submissions	Date received	Payment of Contributions & Submission of Data	Date received	Payment and Data Don't Match
ADULTS SUPPORTING ADULTS	NO		YES	20/05/2022	NO		NO
LOUTH TOWN COUNCIL	NO		YES	23/05/2022	NO		NO
THE GAINSBOROUGH ACADEMY	NO		YES	12/06/2022	NO		NO
WASHINGBOROUGH ACADEMY	NO		YES	27/06/2022	NO		NO
WEST LINDSEY DISTRICT COUNCIL	NO		YES	23/05/2022	NO		NO
WOODHALL SPA PARISH COUNCIL	NO		YES	24/05/2022	NO		NO
SCOTTER PARISH COUNCIL	NO		NO		YES	23/05/2022	NO
LAAT SCHOOLS	NO		NO		NO		YES
BOSTON HIGH SCHOOL ACADEMY	NO		NO		NO		YES
SIR FRANCIS HILL PRIMARY SCHOOL	NO		NO		NO		YES
SIR ROBERT PATTINSON ACADEMY	NO		NO		NO		YES
ST BERNARDS ACADEMY	NO		NO		NO		YES

May 2022

Employer	Late Cash Contributions	Date received	Late Data Submissions	Date received	Payment of Contributions & Submission of Data	Date received	Payment and Data Don't Match
CROWLAND PARISH COUNCIL	YES	08/07/2022	NO		NO		NO
METHERINGHAM PRIMARY SCHOOL	YES	27/06/2022	NO		NO		NO
LINCOLN COLLEGE	NO		YES	28/06/2022	NO		NO
ST LAWRENCE ACADEMY	NO		YES	28/06/2022	NO		NO
WASHINGBOROUGH ACADEMY	NO		YES	27/06/2022	NO		NO
WRANGLE COUNTY PRIMARY	NO		YES	05/07/2022	NO		NO
WILLIAM FARR ACADEMY	NO		YES	28/06/2022	NO		NO
PUBLIC SECTOR PARTNERSHIP SERVICES	NO		YES	05/09/2022	NO		NO
EAST LINDSEY DISTRICT COUNCIL	NO		YES	24/08/2022	NO		NO
SOUTH HOLLAND DISTRICT COUNCIL	NO		YES	31/08/2022	NO		NO
BOSTON BOROUGH COUNCIL	NO		YES	08/09/2022	NO		NO
G'BOROUGH QE HIGH SCHOOL	NO		NO		NO		YES
SUDBROOKE PARISH COUNCIL	NO		NO		NO		YES

June 2022

Employer	Late Cash Contributions	Date received	Late Data Submissions	Date received	Payment of Contributions & Submission of Data	Date received	Payment and Data Don't Match
G'BOROUGH QE HIGH SCHOOL	YES	25/08/2022	NO		NO		NO
MANOR LEAS INFANT ACADEMY	YES	20/07/2022	NO		NO		NO
METHERINGHAM PRIMARY	YES	20/07/2022	NO		NO		NO
SPALDING GRAMMAR ACADEMY	YES	20/07/2022	NO		NO		NO
CRANWELL COUNTY PRIMARY	NO		YES	21/07/2022	NO		NO
CROWLAND PARISH COUNCIL	NO		YES		NO		NO
NIGHTINGALE CLEANING	NO		YES	21/07/2022	NO		NO
WRANGLE COUNTY PRIMARY	NO		YES	21/07/2022	NO		NO
PUBLIC SECTOR PARTNERSHIP SERVICES	NO		YES	05/09/2022	NO		NO
EAST LINDSEY DISTRICT COUNCIL	NO		YES	24/08/2022	NO		NO
SOUTH HOLLAND DISTRICT COUNCIL	NO		YES	31/08/2022	NO		NO
BOSTON BOROUGH COUNCIL	NO		YES	08/09/2022	NO		NO
LINCOLN COLLEGE	NO		YES		NO		NO
WILLIAM FARR ACADEMY	NO		YES		NO		NO
BOURNE TOWN COUNCIL	NO		NO		NO		YES
AMBERGATE SPORTS COLLEGE	NO		NO		NO		YES
BRANSTON COMMUNITY ACADEMY	NO		NO		NO		YES
CAISTOR YARBOROUGH ACADEMY	NO		NO		NO		YES
MONKSHOUSE PRIMARY	NO		NO		NO		YES
ST PETER & ST PAUL CATHOLIC	NO		NO		NO		YES

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Agenda Item 10

Lincolnshire COUNTY COUNCIL
Working for a better future

Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	**Pensions Committee**
Date:	**22 September 2022**
Subject:	**Annual Report and Accounts 2021/22: External Audit Update Report**

Summary:

This report bring to the Pensions Committee an update report from Mazars, the Funds External Auditor, on the 2021/22 audit of the financial statements. The report details the audit work outstanding and findings from the work completed to date.

Recommendation(s):

That the Committee consider the report and feedback from the external auditor in their progress report.

Background

1.1 The Pension Fund Annual Report and Accounts for the year ended 31 March 2022 have been completed and were approved by this Committee at its meeting on 14 July. They are now being independently audited by the Fund's external auditors, Mazars.

Statement of Accounts

1.2 Over the summer, unquoted holdings 31 March valuations have been received, and after review by Pension Fund Officers, have been incorporated into the Pension Fund Accounts. The total impact of these updated valuations is a £8.771m increase in asset values (across alternatives, infrastructure, private equity and property venture). At the date of preparing this paper a number of 31 March valuations were still outstanding. When these are received, they will be reviewed and incorporated into the accounts as necessary.

1.3 The above amendments have been made to the Statement of Accounts for 2021/22, plus a small number of disclosure amendments identified by the External Auditor during their presentational review of the accounts document.

<u>Audit Progress Report</u>

1.4 A copy of the External Auditors Progress Report is attached to this report at appendix A. This details the findings from their work on the Pension Fund financial statements completed to date and summarises the work outstanding on the audit.

1.5 In summary, the key points to note are:

- <u>Status of the Audit (Section two)</u>: The auditor still has work to complete on:
  - Investments, as some third-party investment information is still outstanding from Fund Managers;
  - The consistency opinion, including checks from the final pension fund accounts to the Annual Report;
  - Revised financial statements, to check updated valuation information has been incorporated in the final version of the accounts; and
  - Audit quality control and completion procedures, including specific procedures carried out in relation to the significant audit risks identified and the final review of the audit work by the Mazars Engagement Lead.

- <u>Significant Findings (Section four)</u>:
  - The review of management override of controls has not highlighted any issues to bring to the Committee's attention; and
  - Valuation of investments within level 3 of the fair value hierarchy: subject to completion of the work highlighted in section two should provide the assurances required, but highlights that a number of updated valuation statements have been received by the Fund since the date the accounts were published in draft at the end of June.

- <u>Internal Control Recommendations (Section five)</u>: No material internal control recommendations have been identified to date.

Conclusion

2.1 The audit of the Pension Fund Statement of Accounts for the year ended 31 March 2022 is largely complete and it is expected that the external auditor, Mazars, will issue an unqualified audit opinion in November. They also expect to issue the consistency opinion on the Annual Report by the statutory deadline.

Consultation

a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

Appendices

These are listed below and attached at the back of the report	
Appendix A	Mazars External Audit Progress Report (August 2022)

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Claire Machej, who can be contacted on 01522 553641 or claire.machej@lincolnshire.gov.uk.

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Audit Progress Report

Lincolnshire Pension Fund – Year ended 31 March 2022

August 2022

mazars

Contents

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.
Reports and letters prepared by appointed auditors and addressed to the Pension Fund are prepared for the sole use of the Pension Fund and we take no responsibility to any member or officer in their individual capacity or to any third party.
Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2021/22 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report, we have set out our conclusions and significant findings from our audit work to date. This section includes our conclusions so far on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls; and
- Valuation of investments within level 3 of the fair value hierarchy.

Based on the audit work completed to date there are no identified significant control deficiencies and no unadjusted misstatements envisaged that we are required to report to the Audit Committee.

Status and audit opinion

To-date we have completed a substantial proportion of our fieldwork on the financial statements for the year ended 31 March 2022. At this present time, we envisage giving our opinion in November 2022 in line with the proposed timeframe for issuing our audit report on Lincolnshire County Council's financial statements.

At the time of preparing this report, there are some matters outstanding as outlined in section 2. We will provide an update to you in relation to the matters outstanding through our Audit Completion Report. Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:

Audit opinion
We anticipate issuing an unqualified opinion, without modification, on the financial statements.

Consistency report
We anticipate concluding that the Pension Fund financial statements within the Pension Fund's Annual Report are consistent with the Pension Fund financial statements within the Statement of Accounts of Lincolnshire County Council.

Wider powers
The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Fund and to consider any objection made to the accounts. No objections or questions from local electors have been received.

1. Executive summary

COVID-19 impacts

We have worked remotely in relation to this audit. Whilst auditing on a remote basis can be challenging, we have been able to work in liaison with the finance team to deliver the audit and wish to thank them for their support.

02

Section 02:

Status of the audit

2. Status of the audit

Our work is progressing well and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Investments	Amber	Some information remains outstanding from fund managers. Our review of third party confirmations received to-date is not yet complete.
Consistency opinion	Green	We have received a draft of the Pension Fund Annual Report. However, we have not yet compared the revised Pension Fund financial statements (within the Statement of Accounts of the Council) with the revised Pension Fund financial statements within the Pension Fund's Annual Report.
Finalised financial statements	Green	The Pension Fund is revising its financial statements to reflect updated valuations it receives from fund managers. Following consideration of the revised valuations we will then complete our checks on the finalised financial statements before giving our opinion.
Audit Quality Control and Completion Procedures	Green	Our audit work, including the specific procedures carried out in relation to the significant audit risks identified, is yet to undergo review by the Engagement Lead. In addition, there are residual procedures to complete, including completing our internal technical consultations on the proposed audit opinion and the updated financial statements, updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations.

Red: Likely to result in material adjustment or significant change to disclosures within the financial statements.

Amber: Potential to result in material adjustment or significant change to disclosures within the financial statements.

Green: Not considered likely to result in material adjustment or change to disclosures within the financial statements.

03

Section 03:

Audit approach

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in February 2022. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £29.3 million using a benchmark of 1% of net assets available to pay benefits. We also set a separate provisional specific materiality for the fund account of £11.4 million at the planning stage of the audit using a benchmark of the higher of 10% of contributions receivable and 10% of benefits payable.

Our updated assessment of materiality, based on the draft financial statements and qualitative factors was set using the same benchmarks:

- Statement materiality £30.5 million.
- Fund account specific materiality £12.1 million.

04

Section 04:

Significant findings

4. Significant findings

In this section we outline the significant findings from our audit work to date. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. We currently envisage concluding that the financial statements have been prepared in accordance with the financial reporting framework; and
- any significant difficulties we experienced during the audit.

Page 117

Significant risks

Management override of controls

Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- accounting estimates impacting amounts included in the financial statements;
- consideration of identified significant transactions outside the normal course of business; and
- journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

Our work to date has provided the assurance we sought in each of these areas and has not highlighted any material issues to bring to your attention.

4. Significant findings

Valuation of investments within level 3 of the fair value hierarchy

Description of the risk

At 31 March 2022 the Pension Fund held investments which were not quoted on an active market with a fair value of £427.5 million, accounting for 14.6 per cent of the Fund's net investment assets. This included: Alternatives (£347.5 million), Property (£11.6 million), Infrastructure (£59.3 million), Private Equity (£7.9 million) and Unquoted Equity Holding in the Border to Coast Pensions Partnership (£1.2 million). Inherently these assets are harder to value, as they do not have publicly available quoted prices from a traded market, and as such they require professional judgement or assumptions to be made when valuing them at year end.

As the pricing of these investment assets is subject to judgements, they may be susceptible to pricing variances for 2021/22 due to the assumptions underlying the valuation. We therefore consider that there is an increased risk of material misstatement.

How we addressed this risk

We addressed this risk by completing the following additional procedures:

- agreeing the valuation included in the Pension Fund's underlying financial systems to supporting documentation including investment manager valuation statements and cash flows for any adjustments made to the investment manager valuation;
- agreeing holdings from fund manager reports to the custodian's report;
- agreeing the investment manager valuation to audited accounts or other independent supporting documentation, where available;
- reviewing the valuation methodologies through review of accounting policies within audited financial statements and challenge of the fund manager, where required;
- where audited accounts are available, check that they are supported by a clear opinion; and

Valuation of investments within level 3 of the fair value hierarchy (cont'd)

How we addressed this risk (cont'd)

- where available, reviewing independent control assurance reports to identify any exceptions that could present a risk of material misstatement in the Pension Fund's financial statements.

Audit conclusion

Subject to completion of the outstanding work and matters outlined on page 7, our work has provided the assurance we sought in the above areas. It has however highlighted a difference between the valuation of investments in the initial set of accounts prepared and the final version of the accounts on which we will be giving our opinion. This difference results from the timing of valuations received from fund managers. The adjusted misstatement involved will be detailed in our Audit Completion Report.

4. Significant findings

Qualitative aspects of the Fund's accounting practices

We have reviewed the Fund's accounting policies and disclosures and our work to date has concluded they comply with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Fund's circumstances..

In line with our expectations, there have been no significant changes to accounting policies for the year ended 31 March 2022.

Draft accounts were received from the Fund on 30 June and were of a good quality.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management. It is however worth noting that our audit work has been completed through remote working arrangements. Whilst challenging at times, through the effective use of technology and close liaison with finance and other officers of the Fund these challenges were overcome.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not to date exercised any of these powers as part of our 2021/22 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

05

Section 05:

Internal control recommendations

5. Internal control recommendations

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

The matters reported in this section are limited to those deficiencies and other control recommendations that we identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our work to date has not identified any internal control issues to bring to your attention. Should any issues arise during the completion of our audit, these will be reported to the Audit Committee in a follow-up letter.

Cameron Waddell

Mazars

The Corner

Bank Chambers

26 Mosley Street

Newcastle upon Tyne, NE1 1DF

Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	**Pensions Committee**
Date:	**22 September 2022**
Subject:	**Performance Measurement Annual Report**

Summary:

This report sets out the Pension Fund's longer term investment performance for the period ending 31st March 2022.

Recommendation(s):

That the Committee consider and discuss the report and agree whether any action or additional information is required.

Background

1 INTRODUCTION

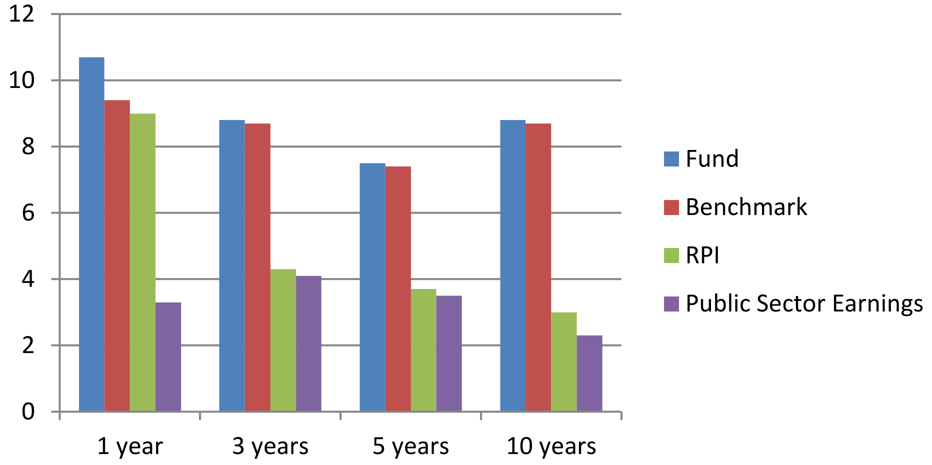
1.1 The Pension Fund uses two suppliers for the measurement of the Fund's performance. Northern Trust, the Fund's custodian (since 1 April 2019), calculates the Fund's investment performance and compares it with the returns of the strategic asset allocation benchmark (i.e. the return achieved by the mix of assets as recommended by the Actuary) and PIRC compare the Fund's performance against the average Local Authority Pension Fund. The Fund's long-term aim is to outperform the strategic benchmark by 0.75% per annum.

2 LONGER TERM PERFORMANCE FOR YEAR ENDED 31 MARCH 2022

2.1 The short-term performance of the Fund and the performance of its managers are reported in the quarterly Investment Management report. This report focuses on the longer-term performance of the Fund overall, compared to its strategic benchmark and the pay and price increases that impact the liabilities of the Fund. At the latest valuation, as at March 2019, the Actuary has calculated the employers' contribution strategy based on an assumed annual return of 4.0% over the long term.

2.2 The graph and table below show longer term Fund and Benchmark performance, along with the increases in consumer prices and public sector earnings.

INFLATION INCREASES AND INVESTMENT RETURNS FOR UP TO 10 YEARS ENDED 31/3/2022



	1 year %	3 years annualised %	5 years annualised %	10 years annualised %
Retail Prices Index increases	9.0	4.3	3.7	3.0
Public Sector Average Earnings increases	3.3	4.1	3.5	2.3
LCC Fund Performance	**10.7**	**8.8**	**7.5**	**8.8**
LCC Benchmark Performance	**9.4**	**8.7**	**7.4**	**8.7**
Relative Performance	**1.2**	**0.1**	**0.1**	**0.1**

2.3 **10 Year Returns**

The Fund's performance over ten years, at 8.8%, is slightly ahead of the Fund's benchmark return of 8.7%. This return is well ahead of both inflation and average earnings over the last ten years, to which the scheme's liabilities are linked, which were 3.0% and 2.3% p.a. respectively. The biggest impact, either negative or positive in each year, generally comes from the stock selection of the managers, rather than the Fund's position against its strategic benchmark.

2.4 **5 Year Returns**

Five year returns of 7.5% per annum are ahead of both price and pay inflation. The Fund's actual performance is again marginally ahead of the strategic benchmark return of 7.4%.

2.5 **3 Year Returns**

Three year returns, at 8.8%, are again ahead of both inflation and average earnings, and ahead of the strategic benchmark return of 8.7.

3 ATTRIBUTION ANALYSIS

3.1 The attribution of the return over any period can be split between asset allocation and stock selection.

3.2 The asset allocation contribution reflects the extent to which decisions to deviate from the strategic benchmark, e.g. to be overweight cash and underweight equities, added to or detracted from performance, compared to the benchmark.

3.3 The stock selection contribution reflects the extent to which managers have or have not exceeded their benchmark index.

3.4 The Fund's annual performance over each of the last ten years compared to the Benchmark is set out in the table below. There is an equal split between stock selection and asset allocation in terms of detractors across the ten-year period.

3.5 The poor performance of the Global Equity ex-UK manager was the key contributor to the Fund's underperformance in the past three- and five-year periods.

3.6 Under asset pooling, the Pensions Committee will remain responsible for the asset allocation, however Border to Coast will be accountable for the stock selection element of the Fund's performance, as for any appointed external manager.

Long Term Performance Analysis

Year ended March	Fund %	Benchmark %	Relative Performance %	Attributed to Asset allocation %	Attributed to Stock Selection %
2013	12.6	11.3	**1.2**	0.1	1.1
2014	6.3	6.2	**0.1**	0.2	(0.1)
2015	12.3	12.4	**(0.1)**	(0.1)	0.0
2016	0.0	1.4	**(1.4)**	(0.6)	(0.8)
2017	19.8	19.3	**0.3**	0.0	0.3
2018	3.3	3.0	**0.3**	(0.4)	0.7

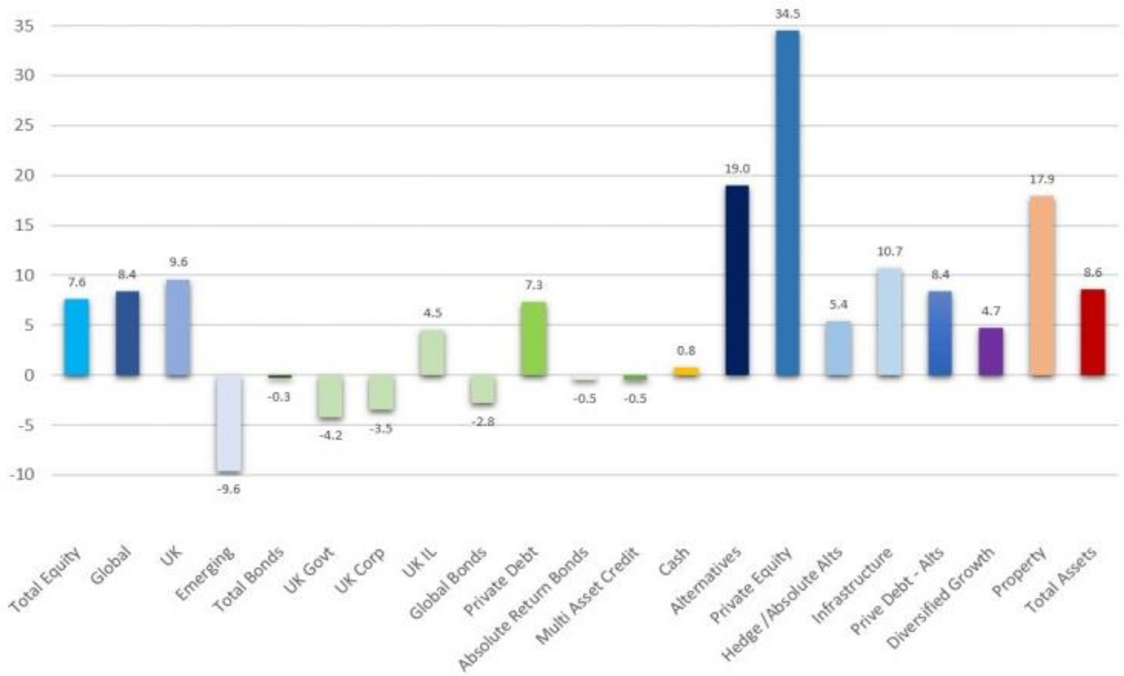
2019	8.2	8.1	**0.1**	0.0	0.1
2020	(5.8)	(3.9)	**(2.0)**	(0.3)	(1.6)
2021	23.3	22.1	**1.1**	(1.4)	2.75
2022	10.7	9.4	**1.2**	(0.2)	1.4

4 PIRC LOCAL AUTHORITY UNIVERSE

4.1 The PIRC Local Authority (LA) Universe is an aggregation of 64 funds covering £240bn of assets within the LGPS sector, and is used for peer group comparisons. This represents some two thirds of local authority pension fund assets.

4.2 Last year the average Fund returned 8.6%, with 50% of Funds delivering a return between 6% and 10%. Developed equities performed well until the first quarter of 2022, when the Ukraine war and fear of resulting inflation weighted heavily, and markets fell. Over the twelve months however, developed markets were positive. Emerging markets, battered by a strong US dollar and the continuing impact of covid were the worst performing of all asset classes. Bond markets generally delivered negative results for the year, with only inflation linked and private debt making it into positive territory. Strong results were delivered from alternative assets, with private equity once again delivering outstanding returns. Property continued to do well, returning almost 18%.

4.3 The returns across asset classes over the last year are shown below:



4.4 Since the 1990's, Funds have been using specific strategic benchmarks linked to their individual liability profiles, rather than a standard asset allocation. This means that comparison across the Universe can be misleading, as funds are trying to meet their own return requirements rather than compete for the highest return.

4.5 Given this move to fund specific strategic benchmarks, the peer group comparison is only a reference point, and not directly comparable. Strategic benchmarks, and the overall return requirement, is linked to the individual liability profile of each fund, and their funding levels. The most important performance comparison is actual performance against the individual funds strategic benchmark.

4.6 The table below shows how the strategic asset allocation for the Lincolnshire Fund (currently in transition) compares with the average Local Authority Pension Fund actual asset allocation in 2022 and 2021.

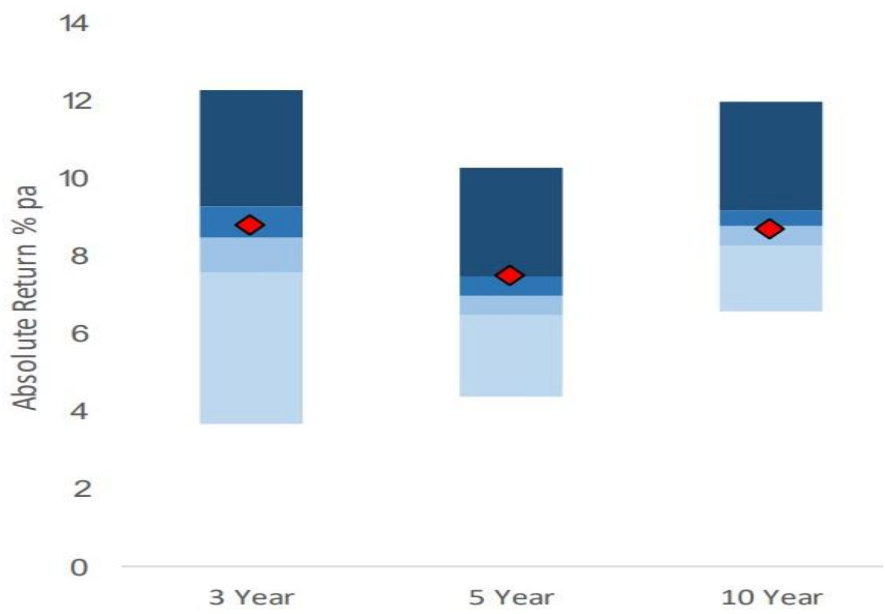
Asset Class	**Lincolnshire**	**LA Average**	
		2022	**2021**
Equities	55.0	52	56
Bonds	12.5	18	17
Property	10.5	9	8
Diversified Alternatives	21.0	17	14
Diversified Growth	0.0	2	2
Cash	1.0	2	2

4.7 Within the LA Universe, over the year there was further disinvestment from equities into "diversifying" assets. Within equities, there was a continuation of the move started the previous year into "climate aware" investments. Most portfolio changes through the year reflected the on-going move into Pool sub-funds.

4.8 The performance of the Fund against the average of those Funds subscribing to the Local Authority universe ranked at the 12th percentile, having been at the 59th percentile last year.

4.9 The table below shows the position of the Lincolnshire Fund over 1, 3, 5 and 10 years, and the chart shows the large dispersion in the range of results across the longer term periods.

	1 year %	3 years annualised %	5 years annualised %	10 years annualised %
LCC Fund performance	**10.7**	**8.8**	**7.5**	**8.8**
Universe Average	**8.6**	**8.3**	**7.1**	**8.9**
Ranking	**12**	**38**	**28**	**56**



5 Conclusion

5.1 The Pension Fund's investment performance of 10.7% over the 10-year period ended 31st March 2022 was ahead of the strategic benchmark of 9.4%. The Fund is seeking to outperform the Benchmark by 0.75% per annum over rolling three-year periods. Annualised returns over all periods are ahead of inflation in pay and prices. At an absolute level, the ten-year performance is comfortably ahead of the current actuarial assumption for investment return of around 4.0% per annum.

5.2 Looking at the last year, there were positive contributions from stock selection and a small negative contribution from asset allocation, and the Fund was ranked at the 12th percentile of the Local Authority Universe.

Consultation

a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk.

Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	**Pensions Committee**
Date:	**22 September 2022**
Subject:	**2022 Valuation – Draft Results**

Summary:

This report introduces a presentation from the Fund's Actuary setting out the draft whole Fund results from the latest valuation undertaken as at 31 March 2022.

Recommendation(s):

That the Committee consider and discuss the report and approve the draft results.

Background

1. As part of the Local Government Pension Scheme (LGPS), the Lincolnshire Pension Fund is required to undertake a valuation of the Fund's assets and liabilities every three years – this is called the Triennial Valuation. The purpose of the valuation is to understand the overall funding level of the Pension Fund (i.e. does it have enough assets to meet its liabilities), to understand the individual funding levels of each employer and to set the contribution rates for all the employers for the next three year period.

2. The Committee approved the process for setting the assumptions to be used in the Valuation process at the July meeting.

3. The Fund's appointed Actuary, Barnett Waddingham, received the membership and cashflow data from the Fund as at 31st March 2022, and will present the draft whole Fund results today.

4. The valuation will include allowances for the estimated impact of the McCloud remedy, at both a Fund and an employer level, with the approach set out by DLUHC earlier this year. In addition, as required by GAD and set out in the recommendations of their latest Section 13 report, the report will consider the potential impact of climate risk on the funding strategy, across a number of scenarios.

5. Once finalised, individual employer results will be shared with each employer in the Fund, expected to be in mid-November. Employers will also receive the draft Funding Strategy Statement (FSS), which will be brought to a later Committee meeting, for consultation.

6. The Funding Strategy Statement sets out how employer rates are set, how new employers are admitted to the Fund, and how employers leaving the Fund are dealt with. It will also include:

   - Ill health/death in service self-insurance – as discussed previously with the Committee, the Fund is moving to a self-insurance model for funding ill health and death in service strain costs, away from the external insurance option that was offered previously.

   - Pre-payment policy – setting out the considerations for accepting pre-payment requests of primary and secondary contributions, including the risks to the employer.

7. To assist employers understanding of their valuation results, employer surgeries will be held at County Offices. These will consist of a presentation from the Actuary on each day and bookable appointments with the Fund Actuary and the Head of Pensions to enable an employer to discuss their specific results and circumstances.

8. As with previous valuations, all employers will be required to complete a declaration agreeing the primary and secondary contribution rates for the three year period commencing 1 April 2023, to be returned in January 2023.

9. The final Valuation report, including the rates and adjustments certificate which sets out employers' contribution rates for the three year period to March '26, will be brought back to this Committee for final approval in March 2023.

Conclusion

10. The Fund's Actuary will present the draft 2022 Valuation results at a whole Fund level to the Committee. Once agreed, the individual employer results will be shared, alongside the FSS for consultation.

11. The final Valuation report, including the rates and adjustments certificate which sets out employers' contribution rates for the three year period to March '26, will be brought back to this Committee for final approval in March 2023.

Consultation

a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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