

PRESENT: COUNCILLOR E W STRENGIEL (CHAIRMAN)

Councillors P E Coupland (Vice-Chairman), M G Allan and T J N Smith

Co-Opted Members: Steve Larter (Small Scheduled Bodies Representative),
Councillor R Waller (District Council Representative) and Tom Hotchin (Academy Sector
Representative)

Officers in attendance:-

Clair Machej (Accounting, Investments and Governance Manager), Jo Ray (Head of
Pensions), Michelle Grady (Assistant Director - Finance) and Thomas Crofts (Democratic
Services officer)

Others in attendance:-

Peter Jones (Independent Advisor), Roger Buttery (Independent Chair to Local Pension
Board), Dave Vickers (Scheme Member Representative to Local Pension Board) and Matt
Mott (West Yorkshire Pensions Fund)

6 APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Dr M Thompson.

7 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.

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

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

8 MINUTES OF THE PREVIOUS MEETING HELD ON 5 JANUARY 2023

RESOLVED

That the minutes of the meeting held on 5 January 2023 be approved as a correct record and
signed by Chairman.

9 INDEPENDENT ADVISOR'S REPORT

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

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

- Inflation was likely to remain persistent.
- The collapse of Silicon Valley Bank was an accident waiting to happen, due to its high-risk portfolio.
- Prolonged high taxation was likely to dampen economic growth and initiative.

RESOLVED

That the update be noted.

10 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:

- Scam training was found to be very useful and evermore necessary.
- Despite unavoidable delays, the Board was satisfied by the Fund's external audit anticipated results.
- There was now an opportunity to work on data quality, as the Government had delayed the launch of the Pensions Dashboard.

The Committee discussed the report, and it was raised that delayed audit signoffs were a national issue due to regulatory demands and the bandwidth of many external auditing companies.

The Committee assured that a new external auditor had been procured for forthcoming audits with the added assurance that they had only taken on work that they were able to service properly.

RESOLVED

That the report be noted.

11 PENSION FUND UPDATE REPORT

The Head of Pensions updated the Board of the fund matters for the quarter ending 31 December 2022.

There had been no changes to the risk register, and two new members had recently joined the Committee and were to complete their toolkit training within six months.

Concerned were raised that smaller bodies would face additional expenses regarding changes to actuary charges.

RESOLVED

1. That the report be noted.
2. That the Committee consider requirements following the publication of the Good Governance review.

12 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 the Responsible Investment activity during the third quarter of the financial year 2022/23.

The Committee discussed the report and the following matters were raised:

- Environmental, social and governance (ESG) was only one factor among many in the consideration of investment decisions.
- ESG was not always considered in decisions in the USA.
- ESG was an important consideration, as it helped indicate how well a company was being administrated.

The Chairman encouraged Committee members to submit questions which he would raise with Boarder to Coast for further information.

RESOLVED

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

13 PENSIONS ADMINISTRATION REPORT

Consideration was given to a report prepared by the Fund's pension administrator, West Yorkshire Pension Fund (WYPF). The Committee was guided through the report, and it was highlighted that trade unions were challenging the McCloud ruling in relation to the scheme members having to pay further contributions.

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

- Access to the pensions website had increased in January of this year, which the Committee felt could present potentially useful analytic data going forward.
- There was continued liaison between the Fund administrator and government regarding the pensions dashboard, and the deadline for completion had been

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extended. Currently, the Fund was ahead of many others concerning pensions dashboard progression.

RESOLVED

That the report be noted.

14 EMPLOYER MONTHLY SUBMISSIONS UPDATE

Consideration was given to a report which provided the committee with information on Employer Monthly Submissions for the third quarter of the financial year 2022/23 (October to December inclusive). Members were guided through the report and it was reported good compliance had been established overall. Six fines had been issued and one letter had been sent to an employer regarding late payments in December.

The Committee considered the report and the following comments were made:

- Fines reflected the costs incurred by the work needed to address the issue. It was clarified that fines were not intended to act as a deterrent.
- Both the employer and their payroll administrator were contacted when fines were issued.
- Fines could incorporate loss of interest, but collaboration in rectifying issues was the main focus.
- Issues during the May to August period were isolated, as they concerned IT problems that had been overcome.

RESOLVED

That the report be noted and no further actions be taken against employers submitting late or inaccurate payments or data.

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

Consideration was given to a report which brought the Funding Strategy Statement and the draft 2022 valuation report to the Committee for approval. It was highlighted that employer results had been sent out for comment and that 1-2-1 surgeries had been offered to discuss the results. It was noted that all rates had now been agreed with employers.

The Committee discussed the implications of academisation and outsourced employment. It was clarified that these sectors remained entitled to the LGPS and were unlikely to withdraw, and that pension holidays were not allowed under the LGPS.

RESOLVED

That the Funding Strategy Statement and the 2022 Valuation report be approved.

16 LINCOLNSHIRE PENSION FUND POLICIES REVIEW

Consideration was given to a report which brought to the Committee the main policies of the Pension Fund for review. It was reported that any areas which had been updated were set out in the report. There was only one policy brought to the Committee for review – Governance Policy and Compliance Statement. Changes were as follows:

- To add in the additional co-opted Committee member to represent the academies sector.
- To update the role of the Committee following the changes to the constitution made in December.
- To update the structure of the Committee meetings.
- Updates throughout the document to reflect the above changes.

RESOLVED

That the Governance Policy and Compliance Statement be approved.

17 LINCOLNSHIRE PENSION FUND - BUSINESS PLAN 2023/24

Consideration was given to a report which presented the Lincolnshire Pension Fund Business Plan 2023/24 to the Committee for approval. It set out the overall objectives, Pension Fund Statistics, resources and budget, key tasks, key risks and the forward Plan for 2023/24.

It was noted that the business plan would always remain flexible and that work was underway to establish two new career graded posts within the Pensions team. It was clarified that it was difficult to benchmark the business plan against others as there were significant differences between different funds.

RESOLVED

That the Lincolnshire Pension Fund Business Plan 2021/22 be approved.

18 ANNUAL REPORT AND ACCOUNTS 2022-23: REVIEW OF ACCOUNTING ARRANGEMENTS AND ACCOUNTING POLICIES

A report submitted on behalf of the Executive Director – Resources summarised changes to the Code of Practice on Local Authority Accounting which would be incorporated into the 2022/23 Statement of Accounts for Lincolnshire Pension Fund; the proposed amendments to the Accounts and Audit Regulations 2015 and their impact on the 2022/23 Statement of Accounts; the review of the Council's Accounting Policies for the Pension Fund Statements; and An update from the External Auditor on the 2021/22 and 2022/23 audit.

It was noted that delays to the audit were out of the Council's control.

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RESOLVED

That the Committee:

1. Note the changes required to the Statement of Accounts from the Code of Practice 2022/23.
2. Note the changes to the Accounts and Audit Regulations 2015.
3. Approve the Statement of Accounting Policies for use in preparing the Local Government Pension Scheme Pension Fund accounts for the financial year ending 31 March 2023.
4. Note the update from the External Auditor and invite them to the Committee meeting in July to present their Audit Strategy Memorandum.

19 CONSIDERATION OF EXEMPT INFORMATION

RESOLVED

That under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it is considered to contain exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

20 INVESTMENT UPDATE AND MANAGER PERFORMANCE REPORT

Consideration was given to an exempt report. A number of questions were asked and comments received.

RESOLVED

That the exempt report and discussion be noted.

21 INVESTMENT STRATEGY REVIEW

Consideration was given to an exempt report. A number of questions were asked and comments received.

RESOLVED

That the Committee approve the proposed strategic asset allocation.

Cllr P Coupland left the meeting and 12:30 and did not return.

22 PENSIONS ADMINISTRATION SERVICE PROVIDER REVIEW

Consideration was given to an exempt report. A number of questions were asked and comments received.

RESOLVED

That the Committee approve the appointment of the Pensions Administrator for a period of nine years, with break clauses at each three-year period.

The meeting closed at 12.57 pm