



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

Report to:	Pensions Committee
Date:	18 March 2021
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):

The Pensions Committee is requested to note the report.

Background

1.0 OUTCOMES FROM PENSION BOARD MEETING ON 7 JANUARY 2021

1.1 The PB met on the 7 January and a particular focus was on three issues, namely:

- a) **Data Scores** – the PB considered a further update from WYPF on the data scores for the Lincolnshire Pension Fund as reported to the Pensions Regulator; these were Common 95.66% and Scheme Specific 84.03%. The Scheme Specific score is an improvement from six months ago when it was 76.76%. The target is 100%, particularly for Common Data. WYPF are currently working on a data improvement plan, using a tracing company in an attempt to track lost members. The PB will continue to monitor the position because the Pensions Regulator expects an improvement in data quality for all public sector schemes.

- b) **Employer Monthly Submissions and Contribution Monitoring** – the PB considered the standard report on employer monthly submissions for the half year April to September 2020. Disappointingly, there were 57 late data submissions and 13 late payments of contributions. The Board accepted that there was some mitigation because of the difficult operating conditions as a result of Covid-19. The PB will continue to monitor the position.
- c) **Border to Coast Pensions Partnership – Deep Dive** – the PB had requested the deep dive into the Border to Coast Pensions Partnership (BCPP) as part of the Board’s governance responsibilities. A copy of the report is attached at **Appendix A** and members of the Pensions Committee are encouraged to read it, particularly as the operating company is owned by eleven local authority pension funds, including Lincolnshire’s. There was a lengthy debate on the report and the PB wish to highlight the following points:
- i) There is a potential conflict of interest of the Border to Coast Board non-executive directors being appointed by the partner funds. Lincolnshire County Council did not support this arrangement and has not made any nominations. These non-executive director roles were promoted by the Chair of the Boarder to Coast Board, as an improvement to the governance arrangements.
 - ii) The Ministry of Housing, Communities and Local Government had consulted on new pooling guidance in 2019 and retained its interest in the management of pension funds, to bring about cost savings. A further consultation on statutory guidance is expected later in 2021.
 - iii) It is expected that the new statutory guidance will include provisions enabling the Secretary of State to make directions and take enforcement action.
 - iv) The Joint Committee has been trialling new investment reporting arrangements, and details of these were shared with the Board. It was suggested members of the Board might attend the public session of a Joint Committee meeting.
 - v) The PB was delighted to hear that work is currently underway with Partner Funds and Border to Coast to develop a template to capture and calculate savings achieved from pooling assets, although direct comparisons of costs will be extremely difficult, given changes to asset allocations, asset valuations and investment performance. In the early days of pooling, Hymans produced a report stating that the estimated savings from the pooling of investments would be between £190m to £300m per year.
 - vi) All of the Board chairmen from Border to Coast Pension Funds meet half-yearly and it was agreed that the Chairman would share the deep dive report with them at the next meeting.

The Board concluded that the governance arrangements for Border to Coast (with the exception of the nominated non-executive director) were strong.

Conclusion

ASSURANCES GAINED BY THE BOARD

- 2.1 The PB has some concerns about the data scores and cannot provide full assurance on this aspect.
- 2.2 The vast majority of employers pay their contributions on time and submit the required documentation.
- 2.3 The PB considers that the governance arrangements for Border to Coast are largely strong.

Roger Buttery
Independent Chairman

February 2020

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	Pension Board Report - Border to Coast Pensions Partnership Deep Dive

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 Roger Buttery, who can be contacted on 01522 553641 or claire.machej@lincolnshire.gov.uk.

This page is intentionally left blank