



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

Report to:	Pensions Committee
Date:	18 March 2021
Subject:	Lincolnshire Pension Fund Policies Review

Summary:

This report brings to the Committee the main policies of the Pension Fund for review.

Recommendation(s):

That the Committee note the report and approve:

- 1) the Fund's Investment Strategy Statement (ISS);
- 2) the Fund's Communications Policy;
- 3) the Fund's Governance Compliance Statement;
- 4) the Fund's Breaches Reporting Policy; and
- 5) the Fund's Code of Conduct and Conflicts of Interest.

Background

1. Under the various Local Government Pension Scheme Regulations, the Pensions Committee, as the Administering Authority of the Lincolnshire Pension Scheme, is required to produce and maintain a number of key policy documents. Policies are brought to the Committee annually, and the last comprehensive review was March 2020. This report presents the latest version of these policies for them to be formally endorsed by the Committee.

Policies for Approval

2. The key policies to be reviewed and approved are set out as Annexes to this report. There have been limited changes to the policies, but any significant changes will be brought to the Committee's attention and explained during the meeting.

Appendix A – Investment Strategy Statement

3. The Investment Strategy Statement (ISS) sets out the Fund's approach to the investment of the Fund's assets, in accordance with the guidance issued by the Secretary of State.

4. Updates are:
 - The updated strategic asset allocation that is being implemented as the Fund transitions to Border to Coast; and
 - The removal of the Stewardship Code Statement, whilst it is being refreshed to meet the requirements of the 2020 Stewardship Code.

Appendix B – Communications Policy

5. The Communications Policy sets out how the Fund intends to communicate with members, prospective members and employers, including the format, frequency and method of distributing any information or publicity. The Lincolnshire Pension Fund works with West Yorkshire Pension Fund to deliver the administration service to the scheme members and employers.
6. Updates are:
 - Amendments to number of employers and scheme members; and
 - Amendments to include the option of virtual meetings where previously they were only face-to-face.

Appendix C - Governance Policy and Compliance Statement

7. The Governance Policy sets out the arrangements for the management of the Pension Fund, and the Compliance Statement sets out the extent to which this policy complies with best practice, on a comply or explain basis.
8. Within the compliance statement, the areas where the Fund is only partially compliant are detailed below:
 - Principle A – Structure – (b) – the Committee does not include representatives for pensioner or deferred members.
 - Principle B – Representation – (a) - the Committee does not include representatives for pensioner or deferred members.
 - Principle E – Training/Facility Time/Expenses – (c) – the Committee has an annual training plan at Committee level, but not for individual members.
 - Principle H – Scope – (a) – The Committee does not have an independent observer for administration and governance issues.
9. Updates are:
 - Addition of quarterly reporting from the Pension Board Chairman to the Pensions Committee.

Appendix D – Breaches Reporting Procedure

10. The Pension Regulator's Code of Practice requires all LGPS Funds to have a published procedure as to how breaches of the code will be dealt with and reported. The procedure details how individuals responsible for reporting and whistleblowing can identify, assess and report (or record if not reported) a breach of law relating to the Lincolnshire Pension Fund. It aims to ensure individuals responsible are able to meet their legal obligations, avoiding placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk.
11. No updates required.

Appendix E – Pension Fund Code of Conduct and Conflicts of Interest

12. The Pension Regulator's Code of Practice requires all LGPS Funds to have a published procedure as to how breaches of the code will be dealt with and reported. The procedure details how individuals responsible for reporting and whistleblowing can identify, assess and report (or record if not reported) a breach of law relating to the Lincolnshire Pension Fund. It aims to ensure individuals responsible are able to meet their legal obligations, avoiding placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk.
13. Updates are:
 - Amendments to separate out where requirements differ for the Board and Committee; and
 - Addition of consideration of stewardship responsibilities.
14. Appendix E includes the main body of the Policy but excludes the appendices, as these have not been amended.

Funding Strategy Statement

15. The FSS sets out the Fund's approach to managing its solvency and is generally updated every three years, in line with the Triennial Valuation. It is the framework that guides the Fund Actuary and informs the employers. This has been updated following the change from Hymans Robertson to Barnett Waddingham and is at agenda item 13 of this meeting.

Stewardship Code Statement

16. As reported last year, the Financial Reporting Council (FRC) Stewardship Code has recently undergone a substantial revision to the 2012 Code, which came into effect on 1 January 2020. Organisations wanting to become signatories to the Code are required to produce an annual Stewardship Report explaining how they have applied the Code in the previous 12 months, aligned to their financial year. The FRC will evaluate Reports

against an assessment framework, and those that meet the reporting expectations will be listed as signatories to the Code.

17. Officers are currently working with Border to Coast and the Partner Funds to review the 2020 requirements, and will submit a new Stewardship Code Statement for the financial year to 31 March 2021. Once completed it will be brought to the Committee for approval.

Conclusion

18. In accordance with the various Local Government Pension Scheme Regulations, the Fund has prepared a number of key policy documents. The ISS, Communications Policy, Governance Policy and Compliance Statement, Breaches Reporting Procedure and Code of Conduct and Conflict of Interest Policy have been appended to this report for review and approval by the Pensions Committee.

Consultation

a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the author of this report.

Appendices

These are listed below and attached at the back of the report	
Appendix A	LPF - Investment Strategy Statement
Appendix B	LPF - Communications Policy
Appendix C	LPF - Governance Compliance Statement
Appendix D	LPF - Breaches Reporting Procedure
Appendix E	LPF - Pension Fund Code of Conduct and Conflicts of Interest

Background Papers

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

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