



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

| | |
|------------|--|
| Report to: | Pensions Committee |
| Date: | 17 March 2022 |
| Subject: | Lincolnshire Pension Fund Policies Review |

Summary:

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

Recommendation(s):

That the Committee consider the report and approve:

- 1) the Fund's Investment Strategy Statement (ISS);
- 2) the Fund's Communications Policy; and
- 3) the Shared Service Administration Strategy.

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 where there have been changes, and the last comprehensive review of all policies was March 2021. All policies will be reviewed at least every 5 years, to ensure they are still fit for purpose. This report presents any amendments to the 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. There is one area that has been updated:
 - The strategic asset allocation benchmarks as SONIA replaced LIBOR for benchmarking cash.
5. There are two areas that will be updated once approval has been received and before the amended ISS is published:
 - The Investment and Responsible Investment Beliefs will be amended to reflect the changes following the discussion at the training session on 17 February and taken to this Committee at paper 10 for approval; and
 - The updated Stewardship Code Statement will be added once approval has been received from the FRC, which was not available at the time of writing this report. This is also on the agenda within the Responsible Update Report at agenda item 7.

Appendix B – Communications Policy

6. 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.
7. Updates are:
 - Amendments to number of employers and scheme members; and
 - Amendments to the range of communication formats and events offered.

8. Appendix C – Pensions Administration Strategy

The Pensions Administration Strategy sets out how the shared administration service will communicate and liaise with employers, what the responsibilities are of the administration service, the administering authority and the employers.

This policy is aligned to the shared service policy created in consultation with all shared service partners, but with some additional elements relating specifically to LPF.

9. The amendments to make it specific to LPF are:
- In the purpose at 1.1;
 - In the Early retirement costs at 5.6; and
 - In the Internal Dispute Resolution procedure at 6.5.
10. The other key policies of the Lincolnshire Fund have not had any changes at this time. They can all be found on the shared website at:
<https://www.wypf.org.uk/publications/policy-home/lpf-index/>.
A brief description of these policies is set out in the paragraphs below.

Governance Policy and Compliance Statement

11. 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.
12. 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.

Breaches Reporting Procedure

13. 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.

Pension Fund Code of Conduct and Conflicts of Interest

14. 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 can 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.

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 will be updated as part of the 2022 Valuation process and will be brought to the Committee in March 2023.

Stewardship Code Statement

16. This is brought to the Committee within the Responsible Update Report at agenda item 7.

Conclusion

17. The key policies of the Fund are reviewed regularly and brought to the Committee for consideration and approval at least every five years, and more frequently where changes are made.

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 | Investment Strategy Statement 2022 |
| Appendix B | Communication Policy 2022 |
| Appendix C | LPF Pensions Administration Strategy 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 Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk.

This page is intentionally left blank