



Governance Policy and Compliance Statement

Lincolnshire County Council, as administering authority (and Scheme Manager) for the Local Government Pension Scheme, is required by statute to publish a governance compliance statement. The Council has elected to do this by publishing a concise Governance Policy Statement and then to outline, as required by legislation, the extent to which that statement and the underlying practices demonstrate compliance with best practice guidance as published by the Department for Communities and Local Government. This latter aspect constitutes the Governance Compliance Statement.

The Governance Policy and Compliance Statements are set out in turn below.

GOVERNANCE POLICY STATEMENT

The County Council has delegated its pension fund administering authority functions to a Pensions Committee and the Executive Director – Resources. The Public Service Pensions Act (2013) required all administering authorities to introduce a local Pension Board to assist the Scheme Manager.

Pensions Committee

The Pensions Committee has twelve members in total, eight of which are County Councillors and four co-opted members. All the members have full voting rights.

The eight County Councillors represent the political balance of the Council.

The four co-opted members comprise:

- one representative from the other local authorities within the County,
- one representative for non Local Authority employers
- one representative for the Academy Sector, and
- one Trade Union representative, reflecting the interests of scheme members.

Under the County Council's Constitution, the Pensions Committee exercises the following functions;

- Drawing upon appropriate professional advice, to set investment policies for the Fund, including the establishment and maintenance of a strategic benchmark for asset allocation, and approval of the Investment Strategy Statement.



- To give consideration to the agreed Investment and Responsible Investment Belief framework when setting investment policies and ensure that the Fund is meeting its Stewardship requirements, with support from the professional advisors and officers.
- To review the performance of Border to Coast Pensions Partnership Limited and its sub-funds, legacy fund managers, including their stewardship and responsible investment arrangements, with support from the professional advisors and officers.
- Appoint and review professional service providers including fund custodian, investment consultant and actuary, with support from the professional advisors and officers.
- To appoint and review the performance of the Fund's Administrator, with support from the professional advisors and officers.
- To review the performance of scheme employers in meeting their responsibilities.
- To review the Annual Report and Statement of Accounts of the Fund, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To approve the Annual Report and Statement of Accounts of the Fund.
- Carrying out the duties set out in the Regulations in relation to the actuarial valuation of the Fund and in relation to any other decisions about the amount the employers need to pay, and approval of the Funding Strategy Statement.
- To review and approve, on a regular basis, all required policies including, but not limited to, the Administration Strategy, Communications Policy, Governance Compliance Statement, Risk Management and Training Policy.
- To contribute to any relevant consultations impacting upon the governance, investment, or benefit provisions of the Local Government Pension Scheme.
- To meet the minimum training requirements within the required timeframe, as set out in the Committee's Training Policy.
- To consider any other matters relevant to the operation and management of the Fund.

- To report to full Council on a regular basis on the committee's performance in relation to its effectiveness in meeting its purpose.

In fulfilling its functions, the Committee shall have regard to the advice of the Lincolnshire Local Pension Board established in accordance with the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 and shall receive and consider recommendations from the Border to Coast Pensions Partnership Joint Committee.

The Pensions Committee has eight regular meetings, with four covering investment and responsible investment, and four covering administration and governance. All meetings allow time for training to be undertaken. In addition, one or more special meetings may be held as required.

The Pensions Committee's regular meetings are open to the public and agendas, reports and minutes are made available through the County Council's website. An annual report on the management of the fund is published and provided to all scheme employers, with a summary distributed to scheme members.

Executive Director – Resources

The Executive Director – Resources is responsible for the day-to-day administration of the benefits and assets of the pension scheme, specifically to:

- authorise payment of statutory pensions and allowances,
- undertake or arrange for all necessary transactions associated with the management of the assets of the Pension Fund, and
- agree appropriate means of securing external representation on the Pensions Committee, in consultation with relevant external bodies.

Lincolnshire Pension Board

The Lincolnshire Pension Board will ensure the Scheme Manager effectively and efficiently complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pensions Regulator. The Board will also ensure that it complies with the knowledge and understanding requirements in the Pensions Regulator's Code of Practice.

In addition to the local structure, the Lincolnshire Pension Board is accountable to the Pensions Regulator and the National Scheme Advisory Board.

The Pensions Regulator will also be a point of escalation for whistle blowing or similar issues (supplementary to the whistle blowing policy and anti-fraud and corruption policy operated by the administering authority, which operate to include all of the functions of the Council and its advisers).

The role of the Lincolnshire Pension Board is set out below:

- Assist Lincolnshire County Council as Scheme Manager;
- To secure compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that is connected with it;
- To secure compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator; and
- In such other matters as the scheme regulations may specify.

The terms of reference for the Board are available on the Funds shared website with WYPF at www.wypf.org.uk.

The Lincolnshire Pension Board consists of five members:

- two employer representatives (to represent all employers within the Scheme);
- two scheme members representatives (to represent all members of the Scheme (active, deferred and pensioner)); and
- an independent member (to act as Chairman).

The employer and scheme member representatives can vote. The Independent Chairman cannot vote.

The Lincolnshire Pension Board has a minimum of four meetings each year. In addition, Board members must attend regular training events.

The Lincolnshire Pension Board meetings are open to the public and agendas, reports and minutes are made available on the Council's website. The Independent Chairman of the Board reports to the Pensions Committee four times a year to provide an update on the Board's work and any assurance given. An annual report on the work of the Board is included in the Fund's annual report, which is published and provided to all scheme employers, with a summary distributed to scheme members..

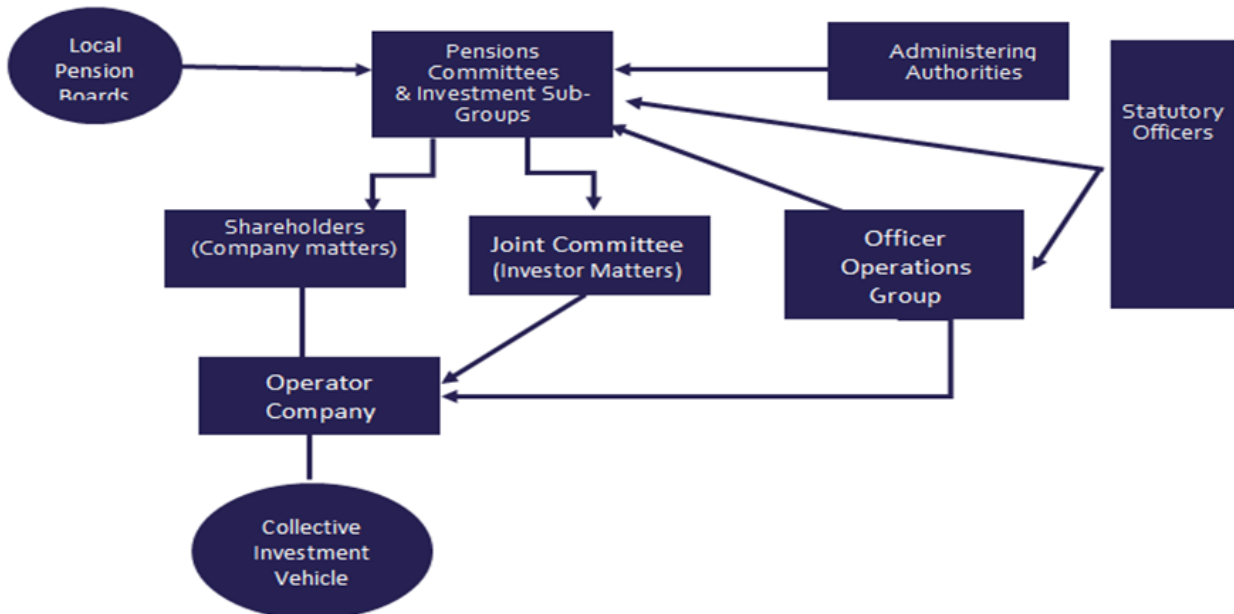
Any complaint or allegation of breach of due process brought to the attention of the Lincolnshire Pension Board shall be dealt with in accordance with the Fund's Breaches Reporting procedure and the Code of Practice as published by the Pensions Regulator.

Any questions about the governance of the Lincolnshire Local Government Pension Fund should be addressed to Jo Kempton, Head of Pensions (email: jo.kempton@lincolnshire.gov.uk or telephone 01522 553656).

Asset Pooling Governance

In response to the change in regulations, LGPS Funds have to pool the investment of their assets. Lincolnshire Pension Fund is a Partner Fund in the Border to Coast Pensions Partnership Limited (Border to Coast), one of the eight asset pools created.

The diagram below shows the governance structure for Border to Coast.



The Fund holds Border to Coast to account through the following mechanisms:

- A representative on the Shareholder Board, with equal voting rights, who will provide oversight and control of the corporate operations of Border to Coast (LCC S151 Officer).
- A representative on the Joint Committee who will monitor and oversee the investment operations of Border to Coast (Pensions Committee Chairman).
- Officer support to the above representatives from the Officer Operations Group and the Statutory Officer Group (Head of Pensions and S151 Officer).

The Pension Fund retains the decision making powers regarding asset allocation and delegates the investment management function to Border to Coast, where asset have been transitioned.

GOVERNANCE COMPLIANCE STATEMENT

Principle		Full Compliance	Comments
A - Structure	a. The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	Yes	See terms of reference for the Pensions Committee in the Policy Statement above.
	b. That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Partial	The Council has not, to date, seen the need to establish a secondary committee/panel. It will, however, keep this aspect under review and does establish working groups from the Committee to deal with specific issues. Pensioner and deferred beneficiaries are not presently represented directly on the Committee – see B a. below.
	c. That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Not Relevant	As discussed above, no such forum has been established as yet.
	d. That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Not Relevant	As discussed above, no such forum has been established as yet.
B - Representation	a. That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee	Partial	The Committee has twelve members, all with voting rights, of which eight are County Council Councillors. Other members include

	<p>structure. These include :-</p> <ul style="list-style-type: none"> • Employing authorities (including non-scheme employers, e.g. admitted bodies); • Scheme members (including deferred and pensioner scheme members), • Where appropriate, Independent professional observers, and • Expert advisors (on an ad hoc basis) 		<p>one representing other local authorities (district councils), one representing small scheduled bodies, currently from an Internal Drainage Board, and one representing the academy sector. Member representation is dealt with by having a trade union representative on the Committee. Given the statutory guarantee that exists in respect of member benefits, this is felt to be sufficient representation. The Council will review this aspect periodically. The Committee have appointed an Investment Consultant who attends all Investment and Responsible Investment Committee meetings.</p>
	<p>b. That where lay members sit on the main or secondary committee, they are treated equally in terms of access to papers, meetings and training and are given full opportunity to contribute to the decision making process, with or without voting rights.</p>	Yes	<p>All members of the Committee have full voting rights and equal access to information, training, etc.</p>
<p>C – Selection and Role of Lay Members</p>	<p>a. That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.</p>	Yes	<p>Nationally customised training is available to all members and this is supplemented by locally provided induction sessions for new members of the Committee. In addition, the Committee agrees an annual training plan with specific topics covered on set dates.</p>
	<p>b. That at the start of any meeting, committee members are invites to declare any financial or pecuniary interest related to specific matters on</p>	Yes	<p>The declaration of member’s interests is a standard item on the agenda of the Pensions Committee.</p>

	the agenda.		
D - Voting	a. That the policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Yes	Full voting rights are given to all members of the Committee.
E – Training/Facility Time/Expenses	a. That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	Yes	See C a. above. All expenses incurred by members of the Pensions Committee are either met by the body they represent or directly by the Fund itself.
	b. That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Yes	All members are treated equally in every respect.
	c. That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.	Yes	The Committee agrees an annual training plan with specific topics covered on set dates. All training undertaken by members of the Pensions Committee is recorded and additional training opportunities are regularly brought to the attention of the Committee, either in monthly update letters or in reports taken to Committee.

F – Meetings - Frequency	a. That an administering authority’s main committee meet at least quarterly.	Yes	See Compliance Policy Statement above.
	b. That an administering authority’s secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	Not Relevant	As discussed above, no such forum has been established as yet.
	c. That an administering authority who does not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	Not Relevant	Four co-opted members sit on the Committee and have equal rights with all mainstream members in all respects.
G – Access	a. That, subject to any rules in the council’s constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Yes	All members are treated equally in every respect.
H – Scope	a. That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Yes	The terms of reference of the Pensions Committee include benefit related matters and issues other than investments. A report on the administration of the scheme is taken to each administration and governance committee meeting. At present the Council does not believe there is a strong argument in favour of appointing an independent professional observer on administration/governance issues as the

			Board's role is to oversee these areas and provide assurance or recommendations to the Committee.
I - Publicity	a. That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Yes	The County Council publishes the many governance documents and communicates regularly with employers and scheme members.

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