

**Minutes of a meeting of the Local Pension Committee held at County Hall,
Glenfield on Friday, 22 January 2016.**

PRESENT:

Leicestershire County Council

Mr. G. A. Hart CC (Chairman)
Mr. S. J. Hampson CC
Mr. Max Hunt CC

Mr. K. W. P. Lynch CC
Mr. P. C. Osborne CC

Leicester City Council

Cllr Deepak Bajaj and Cllr Lynn Moore

District Council Representative

Cllr. Malise Graham MBE

Staff Representatives

Mr. R. Bone
Miss. J. Dean

Mr. N. Booth

Independent Advisers and Managers

Mr. A. Green
Mr. S. Jamieson

388. Minutes of the previous meeting.

The minutes of the meeting held on 14 November were taken as read, confirmed and signed.

389. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 35.

390. Questions asked by members.

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

391. Urgent Items.

There were no urgent items for consideration.

392. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting. No declarations were made.

393. Local Government Pension Scheme Investment Reform.

The Committee considered a report by the Director of Corporate Resources concerning a Department for Communities and Local Government (DCLG) initiative to merge Local Government Pension Scheme (LGPS) assets into a small number of pools and a proposed change to LGPS investment regulations. A copy of the report marked '6' is filed with these minutes.

Arising from discussion, the following was noted:

- The DCLG was expected to make a decision on which pools were acceptable by the end of 2016. It was therefore deemed important that the Leicestershire Fund used the opportunity to pick a desired pool to join, rather than being allocated a pool at a later stage;
- County Council officers were continuing discussions with representatives from the LGPS Central Pool concerning the possibility of the Fund becoming part of the investment pool. Having previously worked with six of the eight potential members of the Central Pool on a previous passive investment exercise, officers were confident that it was the best fit for the Leicestershire Fund.
- Once pooling arrangements were introduced, decisions concerning asset allocation would remain with the Committee including the requirement to set the Fund's asset allocation each year. However, the responsibility of selecting the investment managers to manage the various assets would rest with the regional investment pool.
- It was possible that one Infrastructure platform, available to the whole of the LGPS, would be established alongside the regional pools. Whilst the Funds existing infrastructure investments could remain, it would be expected that all future such investments would be made through the platform.
- The Government proposal to introduce new investment regulations would enable the Secretary of State to intervene if a Fund refused to join a regional asset pool. It was not expected that the revised regulations would affect the Leicestershire Fund which had actively engaged in the proposed move to asset pooling.

RESOLVED

- a) That a firm commitment is given by the Committee on behalf of the Fund to continue to work with the LGPS Central Pool to put forward a proposal to become one of the six 'British Wealth Funds';
- b) That the Director of Finance, following consultation with the Chairman of this Committee, be authorised to:

- i. Respond to the Government on its initial proposals for pooling scheme assets, detailing the Funds commitment to pooling and its progress towards formalising arrangements with other authorities to be part of a British Wealth Fund as agreed in recommendations (a) above.
- ii. Respond to the government's consultation 'Local Government Pension Scheme: Revoking and replacing the Local Government Pension Scheme (Management and Investment of Funds) Regulation 2009'.

394. Report of Kames Capital - Market Review.

The Committee received a report by Kames Capital concerning global market conditions. A copy of the report marked '7' is filed with these minutes.

RESOLVED:

That the report be noted.

395. Strategic Investment Benchmark and Portfolio Structure of the Fund.

The Committee received a report by the Director of Corporate Resources, accompanied by an appendix produced by Hymans Robertson, the purpose of which was to recommend changes to the Leicestershire Fund's strategic investment benchmark and portfolio structure. A copy of the report marked '8' is filed with these minutes.

The Director reported that the recommended changes to the Fund's strategic benchmark were relatively modest and would enable it to continue to have a wide-ranging exposure to markets without being overly diverse.

RESOLVED:

- a) That a revised strategic benchmark for the Fund as detailed in the appendix to the report, be approved;
- b) That a revised regional equity split for the Fund as shown in paragraph 11 of the report, be approved;
- c) That the Investment Subcommittee be asked to review the optimal manner to which an increase the Fund's infrastructure weighting from 3% to 5% can be achieved.

09.30 – 11.15 am
22 January 2016

CHAIRMAN