

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

**PRESENT:**

Leicestershire County Council

Mr. Max Hunt CC  
Mr. K. W. P. Lynch CC  
Mr. S. J. Hampson CC

Mr. P. C. Osborne CC

District Council Representative

Cllr. Malise Graham MBE

University Representative

Mr. J. Shuter

Staff Representatives

Mr. R. Bone  
Mr. N. Booth

Ms. J. Dean

449. Election of Vice Chairman.

That Mr. P. C. Osborne CC be elected Vice Chairman of the Local Pension Committee for the period ending with the date of the Annual Council meeting in May 2017.

(Mr. P. C. Osborne in the Chair)

450. Minutes of the previous meeting.

The minutes of the meeting held on 27th May 2016 were taken as read, confirmed and signed.

451. Question Time.

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

452. Questions asked by members.

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

453. Urgent Items.

There were no urgent items for consideration.

454. 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.

455. Exclusion of the Press and Public.

RESOLVED:

That under Section 100(A) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Act.

- Investment Pooling Within the Local Government Pension Scheme – Approval of the LGPS Central Investment Pool's Submission to Central Government

456. Investment Pooling Within the Local Government Pension Scheme - Approval of the LGPS Central Investment Pool's Submission to Central Government.

The Committee received an exempt report by the Director of Corporate Resources which provided an update on progress in respect of the pooling of investments within the Local Government Pension Scheme (LGPS) and sought approval for the business case for the LGPS Central investment pool and budgeted programme costs for the period up to 31st March 2018. A copy of the report marked '8' is filed with these minutes. The report was not for publication by virtue of Paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

- a) That the LGPS Central investment pool's business case for submission to the Department for Communities and Local Government be approved, including the draft responsible investment framework and other annexes which form the basis of the submission required by central government by 15th July 2016;
- b) That the LGPS Central investment pool budget up to 31st March 2018, as detailed within the appendix to the report, be approved.

(The meeting then returned to public session)

457. Investment Pooling Within the Local Government Pension Scheme - Approval of the LGPS Central Investment Pool's Structure and Operator Model.

The Committee received a report by the Director of Corporate Resources which provided an update on progress in respect of the pooling of investments within the Local Government Pension Scheme (LGPS) and sought approval for the use of a Financial Conduct Authority (FCA) regulated and authorised structure for the LGPS Central

investment pool and the creation/building of an operator of the pool. A copy of the report marked '9' is filed with these minutes.

Arising from discussion the following points were noted

- The formation of the LGPS Central investment pool, of which Leicestershire Pension Fund would be one of eight members, would lead to initial set up costs that would increase overall costs to the Fund in the very early years. There would also be one off costs associated with assets being sold and reinvested with investment managers appointed by the pool. Over time it was expected that the merging of assets would realise substantial savings through avenues such as economies of scale and reductions in management fees;
- Whilst not immediately, there remained a possibility that a national infrastructure platform for the LGPS would be launched which would allow Funds from all eight pools to gain more cost effective access to the asset class;
- A FCA regulated and authorised structure would provide a robust arrangement to manage the investment pool which complied with Government criteria. It was proposed that a new operator to run the pool be created rather than buying or renting services from an existing one. Whilst this approach would lead to additional costs initially, it would allow for maximum flexibility and be more cost effective than the other options in the long term;
- Whilst the 89 LGPS Funds were being encouraged to form pools and combine assets, each Fund would remain a separate entity. The Local Pension Committee would continue to set Leicestershire Pension Fund's Asset Allocation and overall investment strategy.

RESOLVED:

That the structure for the LGPS Central investment pool be a Financial Conduct Authority (FCA) authorised one with an operator for it to be created and built.

10.00 – 10.50am  
22 June 2016

CHAIRMAN