

**Minutes of a meeting of the Local Pension Committee held at County Hall,
Glenfield on Friday, 2 June 2017.**

PRESENT:

Leicestershire County Council

Mr. L. Breckon JP CC
Dr. S. Hill CC
Mr. Max Hunt CC

Mr. P. C. Osborne CC
Mrs. R. Page CC

Leicester City Council

Cllr Dr Lynn Moore

(Leicester City Council)

District Council Representative

Cllr Chris Frost

University Representative

Ms. M. Holden CC

Staff Representatives

Mr. N. Booth

Ms. J. Dean

1. Election of Chairman.

RESOLVED:

That Mr. P. C. Osborne CC be elected Chairman of the Local Pension Committee for the period ending with the date of the Annual Council meeting in May 2018.

Mr. P. C. Osborne in the Chair

2. Election of Deputy Chairman.

RESOLVED:

That Mr. L. Breckon JP CC be elected Deputy Chairman of the Local Pension Committee for the period ending with the date of the Annual Council meeting in May 2018.

3. Minutes of the previous meeting.

The minutes of the meeting held on 17 March were taken as read, confirmed and signed.

4. Question Time.

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

5. Questions asked by members.

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

6. Urgent items.

There were no urgent items for consideration.

7. 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.

Mr. L. Breckon JP CC declared a personal interest in all substantive items on the agenda as a member of the Leicestershire Local Government Pension Scheme as a result of his current employment.

8. Summary Valuation of Pension Fund Investments and Performance of Individual Managers.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to present a summary valuation of the Fund's investments at 31 March 2017. A copy of the report is filed with these minutes, marked '8'

The Committee recognised the strong performance of many of the Fund's assets which had resulted in its value increasing by over £128m in the three month period up to 31st March 2017. In response to questions from members, the Director explained that whilst the Fund's investment in Aspect Capital had underperformed in recent times, the portfolios return over a three year period was significantly above its benchmark and the drop in recent performance was due to specific market conditions that were unhelpful to their investment style. The extent of the underperformance was consistent with what would have been expected and officers were comfortable that they would continue to manage the portfolio in the expected manner.

RESOLVED:

That the report be noted.

9. Update on Local Government Pension Scheme Investment Pooling.

The Committee considered a report of the Director of Corporate Resources which provided an update to members concerning the progress made towards the formation of the Local Government Pension Scheme (LGPS) Central Investment Pool. A copy of the report marked '9' is filed with these minutes. The Committee also considered a presentation as part of this item, a copy of which is filed with these minutes.

The Director reported that the LGPS Central Pool, of which the Leicestershire Fund would be one of 9 member schemes, was on schedule to meet the requirement to be operational by April 2018.

Arising from discussion the following was noted;

- Subsequent to the establishment of LGPS Central, the Local Pension Committee would continue to set the Leicestershire Fund's strategic asset allocation thereby deciding which types of investments the Fund would invest in;
- In order to establish the LGPS Central pool, the participating Funds had agreed to share the necessary set up costs with each fund required to contribute in the region of £500,000;
- In addition to the initial contribution, each Fund was required to invest a further £2m by way of Regulatory Capital. The Leicestershire Fund's significant cash flow meant that the contribution would have no impact on the investment activities of the Fund and the dividend/interest received from LGPS Central on the capital was likely to be higher than would be earned if the amount continued to be held as cash within the Fund;
- The Regulatory Business Plan, which would support the LGPS Central's Financial Conduct Authority application, was expected to be approved by the LGPS Central Shadow Shareholders' Forum on 19th June. Both the Director of Finance and Investments Manager had reviewed the document at length and were comfortable with its contents;
- A common investment policy in certain areas would need to be established between the 9 Funds and the Committee would consider a report on the matter at a future meeting.

RESOLVED:

That the report be noted.

10. Funding Update as at 31 March 2017.

The Committee considered a report by Hymans Robertson which presented the funding projection at 31 March 2017. A copy of the report, marked '10', is filed with these minutes.

In response to questions from members the Director explained that various factors had contributed to the Fund's deficit continuing to grow despite its assets significantly increasing over the past 12 months. Such factors included the continued low level of government bond yields on which the Fund's actuary based the Fund's expected future investment returns.

RESOLVED:

That the funding position of the Leicestershire Pension Fund as at 31 March 2017 be noted.

11. Market Update.

The Committee considered a report concerning global market conditions which was presented by the Fund's Independent Investment Advisor. A copy of the report, marked '11' is filed with these minutes.

RESOLVED:

That the update be noted.

12. Investment Subcommittee Membership.

The Committee considered a report from the Director of Corporate Resources concerning the membership of the Investment Subcommittee for the period ending with the date of the annual Council meeting in May 2018. A copy of the report marked 12 is filled with these minutes.

RESOLVED:

That the report be noted.

13. Risk Management and Internal Controls.

The Director of Corporate Resources presented a report, the purpose of which was to detail any concerns relating to the risk management and internal controls of the Fund. A copy of the report is filed with these minutes, marked '13'.

The Director reported that the Fund's risk management was managed as part of the authority's corporate risk register and since the Committee's last meeting no additional risks had been identified.

RESOLVED:

That the report be noted.

14. 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 remaining items of business on the grounds that they involved the likely disclosure of exempt information as defined in paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Act.

15. Colliers Capital - Property Performance and Investment Strategy Report

The Committee considered an exempt report by Colliers Capital, a copy of which marked '16' 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;

That the report be noted.

16. Aspect Capital Quarterly report.

The Committee considered an exempt report by Aspect Capital, a copy of which marked '17' 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;

That the report be noted.

17. Kleinwort Benson Investors Quarterly Report.

The Committee considered an exempt report by Kleinwort Benson Investors, a copy of which marked '18' 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;

That the report be noted.

18. Ruffer Quarterly Report.

The Committee considered an exempt report by Ruffer, a copy of which marked '19' 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;

That the report be noted.

19. Pictet Quarterly Report.

The Committee considered an exempt report by Pictet, a copy of which marked '20' 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;

That the report be noted.

20. Millennium Global Quarterly Report.

The Committee considered an exempt report by Millennium Global, a copy of which marked '21' 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;

That the report be noted.

21. IFM Investors Quarterly Report.

The Committee considered an exempt report by IFM Investors, a copy of which marked '22' 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;

That the report be noted.

22. Delaware Investments Quarterly Report.

The Committee considered an exempt report by Delaware Investments, a copy of which marked '23' 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;

That the report be noted.

23. JP Morgan Quarterly Report.

The Committee considered an exempt report by JP Morgan, a copy of which marked '24' 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;

That the report be noted.

24. Legal and General Investment Manager Quarterly Report.

The Committee considered an exempt report by Legal and General, a copy of which marked '25' 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;

That the report be noted.

25. Ashmore Quarterly Report.

The Committee considered an exempt report by Ashmore, a copy of which marked '26' 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;

That the report be noted.

26. Stafford Timberland Quarterly Report.

The Committee considered an exempt report by Stafford Timberland, a copy of which marked '27' 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;

That the report be noted.

27. Kempen Capital Management Quarterly Report.

The Committee considered an exempt report by Kempen Capital Management, a copy of which marked '28' 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;

That the report be noted.

28. Aviva Investors Quarterly Report.

The Committee considered an exempt report by Aviva Investors, a copy of which marked '29' 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;

That the report be noted.

09.30- 10.55am
02 June 2017

CHAIRMAN