

**Minutes of a meeting of the Local Pension Committee held at County Hall,
Glenfield on Friday, 9 November 2018.**

PRESENT:

Leicestershire County Council

| | |
|---------------------------------|-----------------|
| Mr. P. C. Osborne CC (Chairman) | Dr. S. Hill CC |
| Mr. P. Bedford CC | Mr. Max Hunt CC |
| Mr. L. Breckon JP CC | |

Leicester City Council

Cllr Dr Lynn Moore

Staff Representatives

| | |
|-------------|--------------|
| Mr. R. Bone | Mr. N. Booth |
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191. Minutes of the meeting held on 7 September 2018.

The minutes of the meeting held on 7 September 2018 were taken as read, confirmed and signed.

192. Question Time.

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

193. Questions asked by members.

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

194. Urgent items.

There were no urgent items for consideration.

195. 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.

196. Change to the Order of Business.

The Chairman sought and obtained the consent of the Management Committee to vary the order of business from that set out in the agenda.

197. Pension Fund Administration - Current Developments.

The Committee received a report by the Director of Corporate Resources the purpose of which was to consider an update on the current Administrative work by the County Council to manage the Pension Fund and potential developments. A copy of the report is filed with these minute, marked 'Agenda Item 12'.

Following questions from members the Director confirmed that it was inevitable that employer contributions would rise over the coming years to try and help address the Fund's deficit. It was recognised that the increase would be an added pressure on local authority budgets which were already strained.

The Director added that as part of the Council's evaluation work, The Fund's Actuary would adopt a more scientific approach to employer risk profiling which would assess the risk each employer would place on the Fund should it default on its payments, with its contribution rate being set accordingly.

RESOLVED:

- a) That the current developments in relation to the administration of the Leicestershire Pension Fund be noted
- b) That the revised Funding Strategy Statement be approved for consultation.

198. 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 and Performance of Individual Managers. A copy of the report is filed with these minutes, marked 'Agenda Item 6'.

In response to concerns about the recent performance of Kempen Capital the strategy meeting in January would be a good opportunity for the Committee to assess such investments, noting that LGPS Central intended to launch its own comparable product in 2019.

RESOLVED:

That the report be noted.

199. Funding Update Report as at 30 September 2018.

The Committee considered a report by Hymans Robertson which presented the funding projection at 30 September 2018. A copy of the report, marked '8', is filed with these minutes.

RESOLVED:

That the report be noted.

200. Market Update.

The Committee considered an update concerning the current financial market conditions. A copy of the update documents produced by the Independent Investment Advisor and Kames Capital are filed with these minutes marked '11'.

RESOLVED:

That the update be noted.

201. Pension Fund Annual Report and Accounts 2017/18.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to present the Annual Report and Accounts of the Pension Fund 2017/18 for approval. A copy of the report is filed with these minutes, marked '7'.

RESOLVED:

That the Pension Fund Annual Report and Accounts for 2017/18 be approved.

202. 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 '9'.

Members noted that progress updates had been made to risks 1-4 and 8 but no change of rating had been required. The rating of risk 5, which concerned implementation of the 2018 amendment regulations, had been reduced which reflected the progress made.

RESOLVED:

- a) That the work undertaken to develop an assurance framework for LGPS Central be noted.
- b) That the revised risk register of the Pension Fund be approved.

203. Action Agreed by the Investment Subcommittee.

The Committee received a report by the Director of Corporate Resources, the purpose of which was to inform members of the decisions taken by the Investment Subcommittee at its meeting on 10 October 2018. A copy of the report marked '10' is filed with these minutes.

RESOLVED:

That the report be noted.

204. LGPS Central Update.

The Director of Corporate Resources presented a update to the Committee on LGPS Central. A copy of the report is filed with these minutes, marked '13'.

RESOLVED:

That the report be noted.

205. Update from LGPS Central.

The Committee received a presentation from LGPS Central which detailed the progress it had made since its launch in April 2018. A copy of the presentation is filed with these minutes.

Arising from the discussion the following points were noted:

- i. It was anticipated that LGPS Central would make, on behalf of its eight investor funds, a considerable saving on investment manager fees, including an estimated hundred million over the first 16 years of the Global Equity Fund. The considerable savings would be realised due to the huge potential leverage the pool would possess compared to that of a single fund.
- ii. Whilst there was a possibility that the West Midlands Transport Fund could be merged into the West Midlands Fund which was part of LGPS Central, the change would not affect the Leicestershire Fund or other Central partners
- iii. Having learnt from the launch of its opening fund, the pool intended to increase the speed in which its other funds were launched.

RESOLVED:

That the presentation be noted.

206. 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.

207. Aviva Investors Quarterly Report.

The Committee considered an exempt report by Aviva Investors, 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.

208. IFM Investors Quarterly Report

The Committee considered an exempt report by IFM 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.

209. Kempen Capital Quarterly Report.

The Committee considered an exempt report by Kempen Capital, 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.

210. JP Morgan Quarterly Report

The Committee considered an exempt report by JP Morgan, 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.

211. Kames Capital Quarterly Report

The Committee considered an exempt report by Kames Capital, 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.

212. Millennium Global Quarterly Report

The Committee considered an exempt report by Millennium Global, 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.

213. Stafford Timberland Quarterly Report

The Committee considered an exempt report by Stafford Timberland, 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.

214. KKR Quarterly Report.

The Committee considered an exempt report by KKR, 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.

215. Aspect Capital Quarterly Report

The Committee considered an exempt report by Aspect Capital, 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.

216. Kleinwort Quarterly Report

The Committee considered an exempt report by Kleinwort, 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.

217. Ruffer Quarterly Report

The Committee considered an exempt report by Ruffer, 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.

218. Delaware Investments Quarterly Report

The Committee considered an exempt report by Delaware, 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.

219. Pictet Quarterly Report

The Committee considered an exempt report by Pictet, 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.

220. Ashmore Quarterly Report

The Committee considered an exempt report by Ashmore, a copy of which marked '30' 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.

221. Legal and General Investment Manager Quarterly Report

The Committee considered an exempt report by Legal and General, a copy of which marked '31' 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.