

**Minutes of a meeting of the Local Pension Committee held at County Hall,  
Glenfield on Friday, 8 November 2019.**

**PRESENT:**

Leicestershire County Council

Mr. P. C. Osborne CC (Chairman)  
Mr. T. Barkley CC  
Mr. I. E. G. Bentley CC

Dr. S. Hill CC  
Mr. Max Hunt CC

Leicester City Council

Cllr. Ratilal Govind

Leicester City Council

District Council Representative

Cllr Chris Frost

University Representative

Mr. Z. Limbada

Staff Representatives

Mr. N. Booth

Independent Advisers and Managers

60. Minutes.

The minutes of the meeting held on 6 September 2019 were taken as read, confirmed and signed.

61. Question Time.

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

62. Questions asked by members.

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

63. Urgent Items.

There were no urgent items for consideration.

64. 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.

65. Pension Fund Valuation.

The Committee received a report by the Director of Corporate Resources and Hymans Robertson, the Fund's Actuary, regarding the draft valuation results for the Leicestershire Pension Fund. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

Arising from the discussion the following points were noted:-

- i) While staffing levels of employers in the Fund had stabilised, due to auto-enrolment the number of members in the fund continued to increase as less employee's chose to 'opt-out' of the LGPS.
- ii) In order to measure the funding position of the Leicestershire Pension Fund the Actuary, Hymans Robertson, compared the value of the Fund's assets against its liabilities by making an assumption regarding the future investment returns. Hymans were prudent in the assumption of future investment returns and derived that there is an 80% likelihood of the investments achieving at least an annual return of 3.8%. A prediction over 70% was considered low risk for a statutory body. It was noted that whilst a higher investment risk approach could be taken to try and reach a fully funded position, the Committee understood the Fund's approach which carefully balanced the risk.
- iii) The model set out by Hymans was also used in the approach to set employer contribution rates and the projection of employer's future benefit payments, contributions and investment returns. Each employer would be valued separately based on their own membership data and consultation would commence following the Fund's Annual General Meeting on the 18<sup>th</sup> November 2019.
- iv) The Committee were pleased to note the strong position of the Fund, with an 38% increase in asset value since 2016. The Fund was cash flow positive, meaning that the Fund could lock away assets which would provide better results over time.
- v) The Fund was undertaking engagement with the Fund's employers to understand the financial risk they faced. Each employer was grouped based on their risk profile. Councils were considered the lowest risk group due to their statutory tax raising powers, universities and colleges were deemed more of a risk and private sector bodies the highest. Following the Fund's Annual General Meeting and the Employers Forum the Pensions Manager would write to all employers, informing them on rates, cash flow and the investment return so that they could enter into a discussion about the rates they would pay.
- vi) If changes to pensions regulations arising from McCloud or changes to the pension age came into effect the Fund would revisit rates, however officers felt the prudent approach to the investment return took into account such risks.

RESOLVED:

- a) That the draft Funding Strategy Statement be approved for consultation, to commence following the Leicestershire Pension Fund Annual General meeting on the 18 November 2019;
- b) That the framework for setting individual employer rates be noted;
- c) That the whole fund results be noted.

66. Change in Order of Business.

The Chairman requested and obtained the Committee's consent to change the order of business from that set out on the Agenda.

67. The Pensions Regulator "Deep Dive" Findings.

The Committee received a report by the Director of Corporate Resources inform members of the Pension Regulator findings following their 'deep dive' into the administration of ten pension funds. A copy of the report marked 'Agenda Item 14' is filed with these minutes.

RESOLVED:

That the report be noted.

68. LGPS Transfer of Pension Rights

The Committee received a report by the Director of Corporate Resources which was to recommend a minor changes to the policy for transfer of pension rights to the Leicestershire Local Government Pension Scheme A copy of the report marked 'Agenda Item 15' is filed with these minutes.

The Director explained that "Non-Club" schemes was the term used to describe private companies which were not part of the Leicestershire Pension Scheme.

RESOLVED:

That the changes to the acceptance of pension transfers, as detailed in paragraphs 6-8 of the report, are approved.

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

The Committee received a report from the Director of Corporate Resources, the purpose of which was to present a summary valuation of the Fund's investments at 31<sup>st</sup> September 2019. A copy of the report is filed with these minutes, marked 'Agenda Item 7'.

The Committee noted that the Fund was overweight in equities by 3% as a result of stronger performance in this asset class compared to others in which the Fund invested. The investment decisions made by the Investment Subcommittee, as set out elsewhere on the agenda, would help address the imbalance.

RESOLVED:

That the report be noted.

70. Pension Fund Annual Report.

The Committee received a report from the Director of Corporate Resources regarding the Leicestershire Pension Fund's Annual Report and Accounts 2018/19. A copy of the report is filed with these minutes, marked 'Agenda Item 8'.

It was noted that as a result of new regulations allowing members of the scheme to retire and receive early payment of their pension from age 55, there had been an increase in the number of members 'retiring early'.

RESOLVED:

That the Pension Fund Annual Report and Accounts for 2018/19 be approved.

71. Investment Strategy Statement Update.

72.

The Committee received a report from the Director of Corporate Resources on the updated draft Investment Strategy Statement (ISS). A copy of the report marked 'Agenda Item 9' is filed with these minutes.

The Director confirmed that LGPS Central were also a signatory to the environmental, social and governance (ESG) principals set out in the updated ISS which supported the conclusion that effective management of ESG concerns would protect investment returns over the long term.

It was agreed that officers would further consider how employees could be encouraged to engage in the consultation process.

RESOLVED:

- a) That the revised Investment Strategy Statement be approved for consultation;
- b) That a further report be submitted to the Local Pension Committee regarding the outcome of the consultation and to present the final Investment Strategy Statement for approval.

72. Advisor Objectives.

The Committee received a report from the Director of Corporate Resources on the proposed Advisor Objectives for Hymans Robertson. A copy of the report is filed with these minutes, marked 'Agenda Item 10'.

RESOLVED:

That the Advisor Objectives be approved.

73. Actions of the Investment Subcommittee.

The Committee received a report by the Director of Corporate Resources providing an update on the actions taken by the Investment Subcommittee. A copy of the report is filed with these minutes, marked 'Agenda Item 11'.

The Committee noted that as a result of LGPS Central having yet to develop a private equity or private debt fund, it was deemed appropriate to make further investment with the Fund's current investment managers in private equity and debt to help maintain the Fund's strategic allocation.

RESOLVED:

That the report be noted.

74. Risk Management and Internal Controls.

The Committee received a report from the Director of Corporate Resources on the revised risk register. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

Following the Pension Regulators' 'Deep Dive', Pension Fund the Committee noted that officers would add the risk on cyber security to the risk register.

RESOLVED:

That the revised risk register of the Pension Fund be approved.

75. Pension Fund Training Policy.

The Committee received a report from the Director of Corporate Resources seeking the approval for the Leicestershire Pension Fund Training Policy. A copy of the report is filed with these minutes marked 'Agenda Item 13'.

Members noted that training would be organised to follow the Local Pension Committee meetings where possible.

RESOLVED:

That the Pension Fund Training Policy be approved.

76. Date of Next Meeting.

RESOLVED:

To note that the next meeting of the Local Pension Committee would be held at 9.30am on 24 January 2020.

77. 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 involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12(A) of the Act:

78. Emerging Markets Equity Active Multi Manage Fund Quarterly Factsheet

The Committee considered a report by LGPS Central, a copy of which marked 'Agenda Item 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.

79. Leicestershire Pension Fund Emerging Markets Debt Portfolio.

The Committee considered a report by LGPS Central, a copy of which marked 'Agenda Item 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.

80. Leicestershire Targeted Return Portfolio.

The Committee considered a report by LGPS Central, a copy of which marked 'Agenda Item 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.

81. Global Equity Active Multi Manager Fund Quarterly Factsheet.

The Committee considered a report by LGPS Central, a copy of which marked 'Agenda Item 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.

82. Aspect Capital Quarterly Report

The Committee considered a report by Aspect, a copy of which marked 'Agenda Item 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.

83. Kames Capital Quarterly Report

The Committee considered a report by Kames Capital, a copy of which marked 'Agenda Item 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.

84. Legal and General Investment Manager Quarterly Report

The Committee considered a report by Legal and General, a copy of which marked 'Agenda Item 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.

85. Millennium Global Quarterly Report

The Committee considered a report by Millennium Global, A copy of which marked 'Agenda Item 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.

86. Pictet Quarterly Report

The Committee considered a report by Pictet, A copy of which marked 'Agenda Item 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.

87. Ruffer Quarterly Report

The Committee considered a report by Ruffer, A copy of which marked 'Agenda Item 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

CHAIRMAN

08 November 2019