



Minutes of a meeting of the Local Pension Board held at County Hall, Glenfield on Monday, 16 September 2019.

PRESENT

Mrs. R. Page (in the Chair)

Ms. C. Fairchild
Ms. D. Haller
Mr. R. Shepherd CC

Cllr. Elaine Pantling
Ms. D. Stobbs

13. Minutes.

The minutes of the meeting held on 17 June 2019 were taken as read, confirmed and signed.

14. Chairman's Announcements.

The Chairman reported with great sadness the death of County Councillor and Vice-Chairman of the Council, Mr David Jennings CC who had died on 30 August 2019 aged 72. David had served on the Council since his election in 1992 and had been Chairman of the Local Pension board since its inception.

Members joined the Chairman in standing in silent tribute to the memory of Mr David Jennings.

15. Question Time.

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

16. Urgent Items.

There were no items for consideration.

17. Declarations of interest in respect of items on the agenda.

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.

18. Local Pension Board Terms of Reference

The Board considered a report of the Director of Corporate Resources on the revised Local Pension Board Terms of Reference. A copy of the report marked 'Agenda Item 5', is filed with these minutes.

The Director said that the Local Pension Board had been established on 1 April 2015. Following its four years of operation it was agreed that the Terms of Reference (ToR) would be reviewed. The review considered the Scheme Advisory Board's model terms of reference, Government legislation and other relevant guidance. Board members were also consulted as part of the process.

Arising from the discussion the following points were noted:-

- i) The revised ToR included the requirement for the Board to review LGPS Central pooling arrangements/developments annually as part of the Fund's annual report. Members were assured that this did not preclude the Board from reviewing the matter more frequently if necessary .
- ii) Whilst the ToR made it clear that the Board was not a committee of the Administering Authority (Leicestershire County Council), it was expected to comply with the procedure rules, as set out in the Leicestershire County Council Constitution, including the publication of agenda papers and minutes.
- iii) It would be expected that the Chair of the Local Pension Board consult with the Scheme Manager before convening an urgent meeting to ensure the Chair was advised appropriately and any necessary arrangements were made.
- iv) Employee representatives could only be selected by a vote of scheme members at the Annual General Meeting (AGM) of the Leicestershire Pensions Fund. It was the Administering Authority and the City Council's responsibility to appoint Employer Representative's using its own due process.
- v) 'Reference to 'Other advisors' approved by the Scheme Manager' referred to external advisors who would be invited for a specific report under consideration or to provide training to the Board.
- vi) The Pension Fund would meet any reasonable expenses, such as training, of the Board and meet any travel costs as per Leicestershire County Council's Members' Allowance Scheme.

RESOLVED:

That the revised Terms of Reference be approved.

19. Pension Fund Annual Report and Accounts 2018/19

The Board received a report of the Director of Corporate Resources, the purpose of which was to present the Annual Report and Accounts of the Pension Fund 2018/19 for comment. A copy of the report is filed with these minutes, marked 'Agenda Item 6'.

The Board welcomed the report and were pleased that it presented the Fund as being in a healthy position.

Arising from the report members noted the following:

- i) The Fund had started to see an increase in pensioners and a decrease in preserved members due to the change in Government legislation that allowed benefits to be claimed from the age of 55.

- ii) There were over 4,000 members with no entitlement to their benefits as they had not met the requirement of having paid contributions into the fund for a minimum of two years. These members were eligible to transfer their benefits to an alternative pension arrangement or to a refund of their contributions.
- iii) LGPS Central had appointed three external global equities managers for its Global Active Equities Fund, this would help mitigate the risk of one of the managers performance being poorer than expected.
- iv) LGPS Central was expected to save six million pounds over the first 15 years. The realisation of savings would take this amount of time due to the initial cost of establishing the pool, product development and transitional costs.
- v) Due to the performance of assets often fluctuating it was more accurate to look at the performance of the Targeted Return Managers over the past three years, rather than one year.
- vi) Hedging arrangements were in place to mitigate some of the currency risk arising from the continued uncertainty over the UK's departure from the EU.
- vii) The Local Pension Committee reviewed the Fund's investment policy yearly and would take into account the Government's increasing push for passive investment.
- viii) As part of the Fund's valuation, officers were working with employers to set contribution requirements with the aim of reducing the time expected to achieve a fully funded position.

RESOLEVD:

That the draft Pension Fund Annual Report be welcomed, and comments submitted as part of the report to the Local Pension Committee on 8 November 2019.

20. LGPS Central Governance

The Board received a report of the Director of Corporate Resources, the purpose of which was to present the governance arrangements of LGPS Central. A copy of the report is filed with these minutes, marked 'Agenda Item 7'.

RESOLVED:

That the report be noted.

21. Pension Fund Administration Report - April to June 2019 Quarter

The Board considered a report of the Director of Corporate Resources concerning the relevant issues in relation to the administration of Fund benefits and performance against its key indicators. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

Arising from the discussion the following points were noted:-

- i) The reduction in performance of 'pensioners' and 'death benefits paid within ten working days' had been expected due to staff resource having been reallocated to year-end work that was time critical.
- ii) Members were pleased that the section had reconciled 79,927 Guaranteed Minimum Pension (GMP) cases and that there were only 122 that the Council was unable to settle.
- iii) Since the Altair Member Self – Service system was implemented in January, over 20,000 members had used the system. Board members would have an opportunity to see how the system worked at a future training session.
- iv) The Scheme Manager was pleased to report that since the Board's last meeting, progress had been made in the completion of the legal admission agreement and bonds needed for the successful transfer of undertakings protection of employment of several employers. It was hoped a legal agreement would be signed by 20th September for the Avanti/Govindas TUPE. The Board would receive the details of all outstanding employers without bonds in place at a future meeting.
- v) All academies paid through East Midlands Shared Service had adopted the monthly posting arrangements, whilst Leicester City Council and De Montfort University were working positively with the Pensions Section towards implementation.

Whilst the implementation of IConnect remains on a phased roll out, Members were concerned that there remained some employers who were not fully engaging with the implementation of monthly posting. This was despite the Pension Section providing technical guides and training sessions. It was noted that those choosing not to implement the new arrangements were not fulfilling their contractual agreement as part of the Fund's Administration and Communication Strategy.

RESOLVED:

That the Scheme Manager be requested to:

- a) Report the breach by Avanti and Govindas to the Pensions Regulator unless a signed legal agreement was received by 20th September 2019.
- b) Write twice to Fund employers with outstanding TUPE cases before reporting the employer to the Pension's Regulator.
- c) Take appropriate action to resolve matters to increase, or reintroduce, the required bond's where Fund employers have allowed it to lapse.
- d) Write to Fund employers who had failed to engage with the implementation of monthly posting by the 31 March 2020, and update the Board at a future meeting.

22. Pension Fund Administration - Current Developments

The Board considered a report of the Director of Corporate Resources the purpose of which was to report on relevant issues relating to the administration of the Leicestershire Pension Fund. A copy of the report is filed with these minutes marked 'Agenda Item 9'.

Members noted that the effect of the McCloud age discrimination ruling on the Fund was currently unknown. The Fund would continue to work with the Actuary to consider the financial impact.

The Fund had responded to the Scheme Advisory Board's (SAB) Good Governance Consultation, its view had aligned with the SAB's favoured option of 'Model 2' that would ensure greater ring-fencing of the LGPS within the existing structures. It was expected that any implementation would be preceded by further consultation which the Board would continue to be updated on.

RESOLVED:

That the Board note the report.

23. Consultation - Local Valuation Cycle and Management of Employer Risk

The Board considered a report of the Director of Corporate Resources the purpose of which was to provide members with the Fund's response to Government's consultation on changes to the local valuation cycle and management of employer risk. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

Members welcomed the Fund's response to Government's consultation on the proposal to allow further education, sixth form college and higher education corporations to be able to stop new employees having access to the LGPS.

The Fund was also aware that the Government had indicated it would not rescue failed employers, which meant any pension liabilities would be the responsibility of the Fund. This risk was being considered as part of the actuarial valuation.

RESOLVED:

That the Board note the report.

24. 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 'Agenda Item 11'.

A new risk that related to the McCloud age discrimination case had been added to the risk register. The concern was national, and it was yet unknown what impact the case would have on the Fund.

RESOLVED:

That the Board note the revised risk register of the Pension Fund.

25. Pension Fund Training Policy

The Board received a report of the Director of Corporate Resources on the draft Pension Fund Training Policy. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

Members supported the development of a training policy for the Board and Local Pension Committee members which would help ensure that good governance of the Fund was maintained.

The Board would continue to receive training on a rolling basis and the training knowledge forms which members were asked to complete would help form the future training programme. Officers would consider upcoming agenda items to ensure members had adequate understanding of forthcoming issues.

RESOLVED:

That the Board note the revised training policy.

26. Dates of Future Meetings

The Board noted that the next Annual General Meeting of the Leicestershire Pension Fund would take place on the 18th November 2019 at 12.30pm at the Council Chamber, County Hall and that Board members were welcome to attend.

RESOLVED:

That future meetings of the Local Pension Board will be held at 9.30am on the following dates:-

2 December 2019

16 March 2020

29 June 2020

28 September 2020

7 December 2020

9.30 - 11.50 am
16 September 2019

CHAIRMAN