

**Minutes of a meeting of the Local Pension Committee held at County Hall,
Glenfield on Friday, 5 July 2019.**

PRESENT:

Leicestershire County Council

Mr. P. C. Osborne CC
Mr. T. Barkley CC
Dr. S. Hill CC

Mr. Max Hunt CC

Leicester City Council

Cllr Deepak Bajaj
Cllr. Ratilal Govind

District Council Representative

Cllr. Malise Graham MBE

Staff Representatives

Mr. R. Bone
Ms. J. Dean

Mr. N. Booth

1. Appointment of Chairman.

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 2020.

Mr. P. C. Osborne in the Chair

2. Election of Vice-Chairman

That Mr. T. Barkley CC be elected Deputy Chairman of the Local Pension Committee for the period ending with the date of the Annual Council meeting in May 2020.

3. Minutes.

The minutes of the meeting held on 15 February 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. No declarations were made.

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 2019. A copy of the report is filed with these minutes, marked '8'. The Committee also considered a presentation from Portfolio Evaluation Limited as part of this item, a copy of which is filed with these minutes.

The Committee welcomed the strong performance of many of the Fund's assets which had outperformed the three year benchmark set. It was noted that when setting benchmarks for each investment, it was important that they were representative and achievable.

In response to questions from members, the Director confirmed that the Fund would retain its diversification through pooling with LGPS Central. The Global Equities fund, for example, had three managers that ensured the Fund's investments remained diverse. LGPS Central had no current plan to develop an 'opportunity fund' so Leicestershire would retain its own until such time that one became available. All investments would be made in line with the overall strategy of the Fund.

RESOLVED:

That the report be noted.

9. LGPS Central Update - Pension Fund Pooling

The Committee considered a report of the Director of Corporate Resources which provided an update to members concerning the progress made towards the pooling of Fund assets into LGPS Central. A copy of the report marked '9' is filed with these minutes.

It was noted that Leicestershire and four other funds had committed to the LGPS Central Emerging Market Fund and that it was expected to launch at the end of July.

In order to efficiently manage investment portfolios, LGPS Central intended to establish Investment Advisory Committees which would be represented by officers from each of the investing funds. The Committees would be asked to consider operational matters arising, such as conflicts of interest, and proposed changes to the investment approach. The responsibility for the actual investing remains with LGPS Central.

RESOLVED:

That the update be noted.

10. LGPS Central Update - Company Matters

The Committee considered a report from the Director of Corporate Resources which provided an update to members concerning LGPS Central Company Matters. A copy of the report marked '10' is filed with these minutes.

The Director of Corporate Resources highlighted LGPS Central's work on responsible investment and its adopted stewardship themes of, cybersecurity and data protection, diversity and climate change.

RESOLVED:

That the update be noted.

11. 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 '11'.

Members noted that work was ongoing to develop an assurance framework for LGPS Central in conjunction with the other partner authorities.

RESOLVED:

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

b) That the development of an assurance framework for LGPS Central 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 2020. A copy of the report marked 12 is filed with these minutes.

RESOLVED:

That the report be noted.

13. Pension Fund Valuation

The Committee considered a report of the Director of Corporate Resources which sought approval for the assumptions and stabilisation approach for scheme employers with tax raising powers, in preparation for the Leicestershire Local Government Pension Scheme valuation. A copy of the report marked '13' is filed with these minutes.

The Actuary was in the process of setting the individual contribution rates that would be presented to all employers within the Fund. Consultation for the contribution rates and the

Funding Strategy Statement would begin formally following the AGM to be held on 18 November 2019, before approval would be sought by the Committee in January 2020.

Members were assured that any moves from Government to discontinue the Retail Prices Index (RPI) measure of inflation would not fundamentally affect the Fund.

Members noted that there were procedures in place for organisations that wished to leave the Fund, and the exit payment they would be expected to pay would depend on factors such as the number of their active and deferred members on a full-buy out basis.

RESOLVED:

That the Committee approve:-

- a) the actuarial assumptions for the 2019 valuation of the fund as follows:-
 - i) discount rate assumption of Gilts + 1.8%
 - ii) salary growth assumption of CPI + 0.5%
- b) the contribution rate increase of 1.0% per year for stabilised employers from 1st April 2020.

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

The Committee received a report by the Director of Corporate Resources the purpose of which was to update members on the potential implications of the Ministry of Housing, Communities and Local Government's consultation on "LGPS: Changes to the local valuation cycle and the management of employer risk policy" and the Fund's response. A copy of the report marked '14' is filed with these minutes.

RESOLVED:

That the report and consultation response be noted.

15. Pension Fund Training Policy

The Committee received a joint report of the Director of Corporate Resources and the Fund's Independent Investment Consultant on the draft Pension Fund Training Policy. A copy of the report marked '15' is filed with these minutes.

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

RESOLVED:

That the report be noted.

16. 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.

17. LGPS Central Limited - Global Equity Active Multi Manager Fund Monthly Report

The Committee considered an exempt report by LGPS Central Limited on the Global Equity Active Multi Manager Fund, 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.

18. Ashmore Quarterly Report

The Committee considered an exempt report by Ashmore Fund Management, 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.

19. Aspect Capital Quarterly Report

The Committee considered an exempt report by Aspect Capital, 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.

20. IFM Investors Quarterly Report

The Committee considered an exempt report by IFM Investors, 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.

21. 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.

22. KKR Quarterly Report

The Committee considered an exempt report by KKR, 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.

23. LaSalle Quarterly Report

The Committee considered an exempt report by LaSalle, 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.

24. 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.

25. 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.

26. Delaware Investments Quarterly Report

The Committee considered an exempt report by Delaware Investments, 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.

27. Millennium Global Quarterly Report

The Committee considered an exempt report by Millennium Global, 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.

28. Legal and General Investment Manager Quarterly Report

The Committee considered an exempt report by Pictet, 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.

29. Ruffer Quarterly Report

The Committee considered an exempt report by Ruffer, 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.

30. Stafford Timberland Quarterly Report

The Committee considered an exempt report by Stafford Timberland, 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.