



Minutes of a meeting of the Local Pension Board held at County Hall, Glenfield on Monday, 8 February 2021.

PRESENT

Ms. C. Fairchild
Ms. R. Gilbert
Mrs. R. Page CC

Cllr. E. Pantling
Mr. R. J. Shepherd CC
Mr. M. Saroya

73. Election of Chairman.

RESOLVED:

That Mrs. R. Page CC be appointed Chairman of the Local Pension Board.

Mrs. R. Page CC in the Chair

74. Election of Vice-Chairman.

RESOLVED:

That Mrs. C. Fairchild be appointed Vice Chairman on the Local Pension Board.

75. Minutes.

The minutes of the meeting held on 26 October 2021 were taken as read, confirmed and signed.

76. Question Time.

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

77. Urgent Items.

There were no items for consideration.

78. 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.

79. Pension Fund Administration Report October to December 2020 - Quarter Three.

The Board received a report from the Director of Corporate resources on relevant issues in the administration of Fund benefits, including the performance of the Pensions Section against its Performance Indicators. A copy of the report marked 'Agenda Item7' is filed with these minutes.

Arising from the discussion the following points were made:

- i) Consideration had been given to the implications for the Fund arising from the Exit Cap regulations and the Local Pension Committee had agreed a policy for how to deal with impacted cases. The Board noted that whilst the Exit Cap regulations came into force the LGPS regulation had not been amended in line with it. Members noted the difficult position created by the regulatory conflict and that there were legal challenges at a national level with unions.
- ii) The Pension Manager informed the Board of a breach regarding delays at the Fund's in-house Additional Voluntary Contributions (AVC) provider, the Prudential. Following a move from an IT system in November 2020 the Prudential had delays with investing contributions paid from the Fund in a timely manner so pension pots were incorrect. Members agreed it would be useful to question the Prudential at a future meeting to understand what mitigation was in place to avoid such issues in possible as it was concerning that the problems could impact on members ability to receive funding in a timely manner.
- iii) The Board were pleased to note significant process on resolution of two long running TUPE cases regarding Beacon Academy. However. concern remained with Hinckley Academy to Caterlink, the Board noted that since the report pass through established. Only two members of staff transferred no requirement for Bond as young in age. Members are aware of delay.
- iv) The transfer of the administration of the FireSection to West Yorkshire had been successful.
- v) Targets for the section varied month by month due to the cyclical demand on the Pensions Section depending on the time of year, such as year end.
- vi) The Pensions Section looked to move away from paper wherever possible but could not force members to become digitalised.

RESOLVED:

- a) That the report be noted.
- b) That the Prudential be invited to the following meeting.

80. Employer Risks and Exits - Funding Strategy Statement Consultation.

The Board considered a report of the Director of Corporate Resources regarding proposals to amend the Fund's Funding Strategy Statement following regulation changes to employer risks and exits. A copy of the report, marked 'Agenda Item 8', is filed with these minutes:-

Members supported the proposed changes and noted that the Fund was not minded to allow reviews of employer contributions outside of the usual Fund valuation process. In exceptional cases where a Fund employer was experiencing genuine financial difficulty

however, the Fund would look to review the contribution rate if it were to increase the chance of repayment. The risk would first be considered alongside risk to other Fund employers and would be assessed to consider putting additional security in place. The Fund would seek actuarial advice on all cases.

RESOLVED:

That the Board support the proposed changes to the Fund's Funding Strategy Statement.

81. Business Plan and Budget 2021/22.

The Committee considered a report of the Director of Corporate Resources on the Pension Section's Business Plan and the Pension Fund's proposed budget for 2021/22. A copy of the report, marked 'Agenda Item 9' is filed with these minutes.

Arising from the discussion the following points were noted:-

- i. Leicestershire Pension Fund finances were managed separately to that of Leicestershire County Council as Administering Authority. The separation ensured there was no undue influence from the County Council in relation to its own budgetary pressures. This approach was in line with best practice set out by the Scheme Advisory Board.
- ii. Investment management fees made up 90% of the Fund's budget. Where investments performed well, management fees would increase as they related to the value of assets under managers control.
- iii. The Pension Section had undertaken a full tender process for a new pensions administration system in 2018/19. Annual costs increased in line with inflation.
- iv. Pooling with LGPS Central allowed the Fund and partners to reduce the duplication of costs and resources and maximise the benefits of scale. Through pooling the Fund continued to remove more expensive managers once products were launched.

RESOLVED:

That the Board support the Pension Section's Business Plan and the Pension Fund Budget 2021/22.

82. Risk Management and Internal Controls.

The Board received a report from the Director of Corporate Resources, 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 10'.

Arising from the discussion the following points were noted:-

- i. The risk related to administration of the Firefighter scheme had been removed following the transfer of data and management to the West Yorkshire Pensions Service.

- ii. Every three years a formal valuation of the Fund would be carried out, the purpose of which was to value the assets and liabilities of each individual employer and the Fund as a whole. Contribution rate assumptions were dependent on various factors, such as expected levels of staff promotion. It was recognised that assumptions were unlikely to be fully correct, thus contingency would be put in place to ensure the Fund is on track.
- iii. Risk 10 'Sub-funds of individual employers are not monitored to ensure that there is the correct balance between risks to the Fund and fair treatment of the employer' amber rating was being mitigated by ensuring that the financial position of each employer was understood as far as possible. Officers continued dialogue with its employers to ensure they were aware of the correct balance between risk and fair treatment. Where necessary officers would consider arrangements to de-risk funding arrangements for individual employers. Ultimately, risks and decisions relating to them were the employers decision.
- iv. Risk 11 'Market investment returns are consistently poor, and this causes significant upward pressure onto employer contribution rates' amber rating reflected the continued volatility within the markets. Members were assured that the Fund was 90% funded which was considered a strong position.
- v. The Pension Section had online questionnaires in place to receive feedback from scheme members on processes in place so improvements could be made.

RESOLVED:

That the risk register be noted.

83. Pension Fund Continuous Improvements Report - February 2021.

The Board considered a reported of the Director of Corporate Recourses providing an update on progress in respect of areas identified improvement within the Pensions Section. A copy of the report, marked 'Agenda Item 11', is filed with these minutes.

RESOLVED:

That the report be noted.

84. Date of Next Meeting.

RESOLVED:

That the next meeting be held on 24 May 2021 at 10am.

CHAIRMAN

08 February 2021