



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

PRESENT

Mrs. R. Page CC (in the Chair)

Mr. R. Shepherd CC

Mr. M. Saroya

Ms. C. Fairchild

Apologies

Apologies were received from Ms. R. Gilbert and Cllr E. Pantling.

111. Chairman's Announcements

The Chairman reported the resignation of Ms. D. Haller from her role on the Board the Chairman and all members of the Board thanked Ms. D. Haller for her long-standing commitment and contribution to the Leicestershire Pension Fund as an employee representative since the Board's inception in 2015.

112. Minutes.

The minutes of the meeting held on 23 August 2021 were taken as read, confirmed and signed.

113. Question Time.

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

114. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.

There were no items for consideration.

115. 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.

Mr Shepherd CC declared a personal interest in respect of Agenda Item 5 Pension Fund Administration Report July to September 2021 as a Member on the Management Committee of East Midlands Shared Services and ESPO, and as a Member of Charnwood Borough Council.

Mrs. R. Page CC also declared a personal interest in Agenda Item 5 as a Member of Harborough Borough Council.

116. Administration Report July to September 2021 - Quarter Two.

The Board received a report from the Director of Corporate Resources regarding administration of the Fund July to September 2021. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

Arising from the discussion the following points were noted:-

- i. As with other pension schemes, the Leicestershire Pension Fund had started to receive an increasing number of claims from Claim Management Companies, related to previous Fund members who had transferred out their benefits to a scam, or on bad advice. The Fund had taken external legal advice due to the high transfer values involved. The Ombudsmen would consider any claim and could require the Fund to make a compensatory payment to reinstate Member benefits into the scheme, or an element of compensation to pay the pension for the cost of their pension benefits. The Pensions Manager would continue to monitor the situation, and keep the Board informed.
- ii. The Pensions Manager informed the Board that there had been progression on the 2016 cost cap breach in October, and that HM treasury planned to proceed with all three proposed changes. As a result, the chance of a cost cap breach would be reduced for future valuations, from the 2020 exercise.
- iii. Due to the McCloud judgement it was not expected that the 2016 breach would remain breached once the McCloud costs had been included. However, Members noted that it did not resolve the ongoing challenge from Unions, as the outcome of the Judicial Review was still unknown. If the Unions were to win, scheme member benefits would still need to be recalculated.
- iv. The Fund had started to receive enquiries from a small number of multi academy trusts considering full transfers out to other funds, where the main source of the academy sat. Members noted that the process to transfer out employers was very time consuming for the administration. The Board were pleased to note a policy had been developed to manage the cases.
- v. For bulk transfers, the Fund looked at all active members, pensioners and reserve members for an employer and provided the information to the Actuary who assessed the Fund and liability. The Fund's Actuary would then agree with the Actuary of the receiving scheme a cost value based on the Membership, which would be paid across to remove all assets and liabilities. This meant the Fund would no longer have any responsibility, even for preserved and retired members. The Pension Manager could only speculate on the benefit for multi academy trust's transfers out, which likely related to an administrative benefit by minimising the number of Fund's it needed to liaise with and provide information to. Any bulk transfer would ultimately be approved by the Secretary of State, meaning academies could not renege on their decision.
- vi. Members were concerned to note that the admission agreement for Beacon Academy to Hutchinson Catering remained outstanding as Hutchinson wanted to wait for the completion of their commercial contract with Beacon.

- vii. Members noted the outstanding bond and admission agreements and were pleased that since publication of the report there had been progress with the completion of LIFE MAT to Total Swim.
- viii. Members noted that 14 scheme members did not receive an annual statement, which involved members who worked for Hutchinson and Atalian Servest. Members noted had once the admission agreement had been signed the scheme members would receive their annual benefit statement. The Pensions Manager assured the Board that the delays were due to the employers, not administration of the Fund.

RESOLVED:

- a) That the report be noted.
- b) That the Chairman write to Hutchinson Catering and Beacon Academy expressing concern regarding the outstanding admission agreement.

117. Continuous Improvements Report.

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 6', is filed with these minutes.

The Board noted that the current cost impact of McCloud, in relation to Fund resource was limited to an additional IT system interface tool procured from a current system provider.

RESOLVED:

That the report be noted.

118. Pension Fund Annual Report and Accounts 2020/21.

The Board considered the Fund's draft Annual and Accounts for 2020/21. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

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

Arising from the report, the following points were noted:

- i) The Board noted the delay in the result of the External Audit of Leicestershire County Council and the Pension Fund, and that the delay was consistent with work across local authorities.
- ii) The Fund was cash flow positive, which meant it had more flexibility in changing its asset allocation, as it could buy assets with cash, rather than divesting current investments. It was recognised in future years cash flow was expected to decline.
- iii) It was evident to the Board that responsible investment was an increasing focus as demonstrated by the extended section within the Annual Report. Members were pleased to note LGPS Central supported the Fund on the matter as Central had a dedicated Responsible Investment (RI) Team.
- iv) The Director informed the Board that the next step for the Fund regarding Climate Change was to set its own targets. The Fund could not divest from all carbon emitters due to benefits some companies provided in the creation of green energy.

- v) The Annual report covered up to 31st March 2021, since year-end membership had changed, following the County Council election.
- vi) The Board requested that a glossary be produced for the report to explain the acronyms within the report.

RESOLEVD:

That the draft Pension Fund Annual Report be welcomed, and comments submitted as part of the report to the Local Pension Committee on 26 November 2021.

119. Local Pension Board Annual Report 2020/21.

The Board considered the draft Local Pension Board Annual Report which summarised some of the key highlights of the Board's work undertaken during 2020/21. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

RESOLVED:

That the Local Pension Board Annual Report be approved.

120. Pension Fund Policy Report.

The Board considered a report of the Director of Corporate Resources which provided an update on the Pension Fund's policies. The report also sought the Board's views on new and amended policies. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

Arising from the discussion the following points were noted:-

- i) Regarding administration charges, Members were assured that Employers were aware from their initial contact with the Pension Section, and that the detail was available in documentation issued to them.
- ii) Cases of overpayment were rare and usually related to overpayment of an ongoing pension, due to human error. For example, a widower pension would be paid at a higher rate for a period which would move to a lower rate, in one case had been missed, as previously reported to Board and Committee. The new tool Insight allowed for regular reporting to pick up such cases earlier. Ultimately each case would be considered on its own merit.

RESOLVED:

That the new and amended policies be supported.

121. Responsible Investment Update.

The Board considered a report by the Director of Corporate Resources, the purpose of which was to provide an overview of progress on the Fund's 2021 Responsible Investment Plan. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

The Board noted that the Fund supported engagement, rather than exclusion as it was more compatible with the Fund's fiduciary duty and more supported of responsible investment as it provided the opportunity to influence companies through stewardship, that would be waived with divestment.

RESOLVED:

That the report be noted.

122. Risk Management and Internal Controls.

The Board considered a report by 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 marked 'Agenda Item 11' is filed with these minutes.

Arising from discussion, the following points were made:-

- i. The Fund used the Faraday Tracing Bureau to identify the death of pensioners, to prevent overpayment, potential fraud or irregularity. The system did not work for overseas pensioners. The National Fraud Intelligence Bureau mortality screening, was able to check deaths of UK citizens abroad however only took place every two years. The Fund would consider changing it to biannually.
- ii. Members suggested that Claim Management Companies, the 2016 cost cap, and its link to the McCloud case, be incorporated into the risk register.
- iii. Members were informed that Risk 11 was expected to remain a significant risk as it would pose a significant impact to the Fund if it went awry, however it was not considered appropriate to increase it past eight.

RESOLVED:

That the risk register be reviewed inline with the comments set out by the Board

123. Date of Next Meeting.

RESOLVED:

That the next meeting of the Local Pension Board be Wednesday 16 February 2021 at 10.00am.

CHAIRMAN

08 November 2021