

**Minutes of a meeting of the Local Pension Committee held at County Hall,
Glenfield on Friday, 25 March 2022.**

PRESENT:

Leicestershire County Council

Mr. T. Barkley CC (Chairman)
Mr. D. Grimley CC
Mr. K. Merrie MBE CC
Dr. K. Feltham CC

Leicester City Council

Cllr. A. Clarke
Cllr. S. Waddington

District Council Representative

Cllr. M. Graham CC

Scheme Member Representatives

Mr. G. Lawrence
Mr. A. Wilson

Independent Advisers and Managers

Mr. T. Hoare - Hymans Robertson (Minute 121 refers)
Mr. R. Warden - Hymans Robertson (Minute 121 refers)

Mr. P. Bolger - IFM Investment Manager (Minute 122 refers)
Mr. H. Wang - IFM Investment Manager (Minute 122 refers)

115. Minutes.

The minutes of the meeting held on 21 January 2022 were taken as read, confirmed and signed.

116. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 34.

117. Questions asked by members.

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

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

There were no urgent items for consideration.

119. 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.

120. Presentation of Petitions.

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

121. 2022 Fund Valuation - Results of the Stabilised Employer Modelling.

The Committee considered a report of the Director of Corporate Resources on the 2022 Fund Valuation stabilised employer modelling results. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

The Chairman welcomed Mr. T. Hoare and Mr. R. Warden to the meeting, representing the Fund's Actuary, Hymans Robertson.

Arising from the discussion, the following points were noted:

- i. In regard to the 0.4% charge included within employer contributions to fund staffing, IT, actuarial and support services of the Pension Service the Pension Manager assured the Committee that the figure was representative of good value and was lower than most fund's of a comparative size. Members requested that future reports could include such comparisons with other funds.
- ii. The Fund was open to discussions with any contributing body that would prefer to front load their secondary rate contributions in the first year, in order to make an overall saving.
- iii. The proposed rates would be discussed with the stabilised employers

RESOLVED:

The Committee noted:

- a. the proposed changes to the stabilised employer contribution rates from 1 April 2023 to 31 March 2026, subject to there being no material changes.
- b. that discussions were due to be held with stabilised employers regarding the proposed rates from 1 April 2023 to 31 March 2026.
- c. the expected increase in administration charge by 0.1%, from 0.3% to 0.4% from 1 April 2023 to 31 March 2026.

122. IFM Markets Update.

The Committee received a report from the Director of Corporate Resources and a presentation from representatives from IFM proving a Market Update. A copy of the report and presentation marked 'Agenda Item 8' is filed with these minutes.

The Committee was joined by representatives from IFM, Mr. P. Bolger and Mr. H. Wang.

Arising from the presentation the following points were noted:-

- i. IFM set out its view of Environmental, Social and Governance factors which were embedded into its decision-making processes and benchmarked against global best practice.
- ii. The Global Infrastructure fund portfolio contained critical infrastructure. IFM supported its assets in the transition to renewable energy and put in place self-generation of renewables through its 'being the meter repowering' strategy to replace conventional energy from the grid.
- iii. The Committee noted that IFM was aiming to reduce its carbon intensity by 40% from 2019 levels by 2030 at a minimum, which was aligned with the Paris Agreement. In response to a query, Members were advised that while IFM used some carbon offsets the 40% target would be measured against its gross emissions and would not count offsets as it focused on carbon savings across its portfolio.
- iv. In response to a query on the 41.6% geographic exposure to North America, the Committee were advised that exposure would contract as further acquisitions in Europe were made. Members were assured that IFM felt it was a comfortable location to invest given rule of law, market conditions and infrastructure demand on the secondary markets.
- v. IFM advised the Committee that inflation was expected to have a net positive impact on the portfolio given its assets were generally unaffected by the impact on goods and services. Members noted one exception related to renewable infrastructure which had been compounded by global supply problems, however through the aggregated requests across the portfolio it was more attractive for suppliers to prioritise.

RESOLVED:

That the presentation provided by IFM be noted.

123. Responsible Investing Update.

The Committee considered a report of Corporate Resources setting out the Responsible Investing Update. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

The Chairman noted the detailed representations received on the case to divest from Climate Action Leicester and Leicestershire that are filed with these minutes.

A Member challenged the Fund's view on engagement over divestment, questioning the reliance on engagement and the impact that was supposed to be had as a result, and requested that divestment be considered as a viable approach for the Fund. Members

were assured that the topic would be discussed as part of the workshop following the meeting and through development of the Climate Change Strategy.

Members noted that officers had compared the Fund's approach with the other LGPS Central funds to date but that further analysis of other LGPS funds could be shared.

RESOLVED:

That the report be noted.

124. Business Plan and Budget 2022/23.

The Committee received a report by the Director of Corporate Resources on the Pension Fund Budget and Business Plan 2022/23. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

The Fund's Budget and Business Plan was managed separately to 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.

The Committee noted that the Local Pension Board had supported the Budget and business plan at its meeting on 16 February 2022.

RESOLVED:

That the Administration and Investment Business Plans and Pension Fund Budget for 2022/23 be approved.

125. Risk Management and Internal Controls.

The Committee 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.

RESOLVED:

That the revised risk register be approved.

126. Training Policy Refresh.

The Committee received a report from the Director of Corporate Resources, the purpose of which was to present the revised Training Policy. A copy of the report is filed with these minutes, marked 'Agenda Item 12'.

The Committee noted the Local Pension Board had supported the revised Training Policy at its meeting on 16 February 2022.

RESOLVED:

That the revised training policy be approved.

127. Summary Valuation of Pension Fund Investments.

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 as at 31

December 2021. A copy of the report is filed with these minutes, marked 'Agenda Item 13'.

RESOLVED:

That the report be noted.

128. 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.

129. LGPS Central Quarterly Report.

The Committee considered an exempt report by Legal and General, a copy of which marked '15' 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

130. Adams Street Quarterly Report.

The Committee considered an exempt report by Adams Street, a copy of which marked '16' 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

131. Legal and General Investment Manager Quarterly Report

The Committee considered an exempt report by LGIM, 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

132. Targeted Return Factsheet.

The Committee considered an exempt report by LGPS Central, 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

133. 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

134. Ruffer Quarterly Report

The Committee considered an exempt report by Ruffer, 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

135. Pictet Quarterly Report

The Committee considered an exempt report by Pictet, 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

136. Aegon Asset Management Quarterly Report.

The Committee considered an exempt report by Aegon, 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

137. Colliers Quarterly Report.

The Committee considered an exempt report by Colliers, 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

138. Christofferson Robb and Company Quarterly Report.

The Committee considered an exempt report by Christofferson, Robb and Company, 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

139. IFM Investors Quarterly Report

The Committee considered an exempt report by IFM Investors, 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

140. Infracapital Greenfield Partners LLP Quarterly Report.

The Committee considered an exempt report by Infracapital Greenfield Partners LLP, 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

141. JP Morgan Quarterly Report

The Committee considered an exempt report by JP Morgan, 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

142. KKR Quarterly Report

The Committee considered an exempt report by KKR, 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

143. LaSalle Quarterly Report.

The Committee considered an exempt report by LaSalle, 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

144. Millennium Global Quarterly Report

The Committee considered an exempt report by Millennium, 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

145. Partners Quarterly Report.

The Committee considered an exempt report by Partners, a copy of which marked '31' 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

146. Stafford Timberland Quarterly Report

The Committee considered an exempt report by Stafford Timberland, a copy of which marked '32' 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

147. Aegon Quarterly Report

The Committee considered an exempt report by Aegon, a copy of which marked '33' 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

9.30-11.05
25 March 2022

CHAIRMAN