

Minutes of the Annual Meeting of the Local Pension Committee with the Contributors to, and Beneficiaries of the Pension Fund, held at County Hall, Glenfield on Monday, 12 December 2022.

PRESENT:

Mr. Tom Barkley CC (Chairman)

The meeting was open to all contributors to, and beneficiaries of the Pension Fund, Local Pension Committee and Board Members in the Council Chamber.

77. Minutes

The minutes of the meeting held on 13 December 2021 were taken as read, confirmed and signed.

78. Question Time.

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

79. Questions asked by members.

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

80. Urgent Items.

There were no urgent items for consideration.

81. 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.

82. Pension Fund Annual Report and Accounts 2021/22.

A presentation by the Director of Corporate Resources was given on the Annual Report and Accounts of the Pension Fund 2021/22. A copy of the report marked 'Agenda Item 6' and presentation is filed with these minutes.

Arising from the discussion the following points arose:

- i. Changes to the Scheme's membership were highlighted from 2021 to 2022 as was the substantial increase over the past six years in the number of people in receipt of pensions at 99,240.
- ii. 2021/22 administration key performance indicators were either all on target or just slightly below and were a reflection of the good work

undertaken by the pension section throughout the year.

- iii. McCloud Sargeant was the national exercise introduced following the Court of Appeal judgement where they found the Local Government Pension Scheme to be unlawful on the grounds of age discrimination. It was a huge administrative exercise being undertaken to backfill missing service into members records for the period 2014 to 2022. It was noted that it would result in only minor changes to members' benefits but was an exercise that had to be undertaken.
- iv. Online processes for member self-service continued to be developed. Bulk admin processes were also being introduced to improve efficiency. Dashboard was the new national exercise to improve overall member experience by providing a single sign in and was due to go live in 2024.
- v. Investments as of 31 March 2022 were (£5.8bn) spread out mainly across three asset groups. There had been good robust investment performance over the past few years, but it was important to note the future would be harder due to difficult market conditions, with returns already lower since 31 March 2022.
- vi. 32% of the Fund's assets were invested via LGPS Central.
- vii. Responsible investment was defined for pensions as including environmental, social and governance (ESG) factors into investment decisions. Incorporating the factors allowed the fund to better manage risk as well as help generate sustainable investment returns.
- viii. The Fund also collaborated with the Local Authority Pension Fund Forum which had a collective fund of over £300billion from 80 LGPS funds as members, and directly engaged and escalated action with companies to deliver reforms that advanced corporate responsibility and responsible investments.
- ix. The Local Pension Committee agreed in November 2021 to commence work on the draft Net Zero Climate Strategy, which was presented to the Committee in November 2022 and was currently being consulted upon. Employees were encouraged to take part in the consultation. It was noted there was an eight-page summary on the website of the Strategy.
- x. Guidance was expected over the coming year from Government on the reporting of climate change risk to LGPS funds.
- xi. Investment in timberland assets had taken place since 2011. More recently there had been investment in a carbon offset opportunity fund which specifically looked to develop commercial plantations and restore natural forests and would see investment returns including carbon credits.
- xii. In response to a question, it was confirmed that the employee

contribution rate allocated to pensions administration had increased from 0.3% to 0.4% in 2022.

RESOLVED:

That the contents of the Annual Report for 2021/22 and presentation be noted.

83. Pension Fund Valuation 2022.

A presentation from the Fund's Actuary Hymans Robertson was given on the Pension Fund Valuation for 2022. A copy of the presentation is filed with these minutes.

The Chair welcomed Mr Tom Hoare and Mr Steven Tart who had joined the meeting online for Hymans Robertson. He thanked them for their attempts to attend the meeting in person which had been prevented due to bad weather.

Arising from discussion the following points arose:

- i. The funding level for the Leicestershire Fund had increased to 105% as of 31 March 2022.
- ii. There was a regulatory requirement to undertake a valuation every three years. There were various assumptions as part of each valuation exercise, and each subsequent valuation was a good opportunity to analyse how those assumptions had borne out in practice.
- iii. Funding level represented a snapshot of the Fund and was currently at 105%.
- iv. Completion of the valuation was scheduled for 31 March 2023, when new contribution rates would come into effect.
- v. There had been no significant changes in assumptions since the last valuation, except for CPI inflation, which was used each year to increase members' pensions, and was a long-term assumption, with the average level of future inflation having increased from 2.3% to 2.9% over the 20-year time horizon.
- vi. Different life expectancies across different regions of the Fund were another assumption that fed into calculations.
- vii. The impact of the McCloud judgement from a funding perspective was relatively small at 0.2% of liabilities but was a huge exercise from an admin perspective.
- viii. There was balance between risk and affordability to ensure that employers were not paying too much but also that members' benefits were being protected. There was a regulatory requirement for prudence which was set at 75% as a target for employers to meet.

- ix. Employee representatives acknowledged that the performance of the Fund as of 31 March 2022 was a point in time and that a lot had happened in the world since then, with markets continuing to fluctuate and further periods of uncertainty and volatility expected.

RESOLVED:

That the contents of the Pension Fund Valuation 2022 report and presentation be noted.

84. Local Pension Board Annual Report.

A report was presented on behalf of the Local Pension Board. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

RESOLVED:

That the report be noted.

85. Report of the Local Pension Committee Employee Representatives.

A report was presented on behalf of the Local Pension Committee Employee Representatives.

RESOLVED:

That the report be noted.

86. Appointment of Scheme Member Representative to the Local Pension Committee.

The Chairman reported that one nomination for the position of employee representative on the Local Pension Committee had been received. The nomination was Mr. C. Pitt. No ballot was therefore required.

It was noted that the current employee representatives elected to the Committee were:

Mr. G. Lawrence (to remain a scheme member representative for a period of two years).

Mr. N. Booth (to remain a scheme member representative for a period of one year).

RESOLVED:

That Mr. C. Pitt be appointed Scheme Member Representative for a period of three years expiring at the Annual Meeting in 2025.

87. Appointment of Scheme Member Representatives to the Local Pension Board.

The Chairman reported that one nomination for the position of employee representative on the Local Pension Board had been received. The nomination was Mrs. R. Gilbert. No ballot was therefore required.

It was noted that the current scheme representatives elected to the Board were:

Mr. M. Saroya (to remain a scheme member representative for a period of two years).

Mrs. C. Fairchild (to remain a scheme member representative for a period of one year).

RESOLVED:

That Mrs. R. Gilbert be appointed Scheme Member Representative for a period of three years expiring at the Annual Meeting in 2025.

That the reserve scheme member representative remained vacant.

88. Date of next meeting.

RESOLVED:

That officers be requested to determine an appropriate date and time for the next Pension Fund Annual Meeting and publicise this date on the County Council's Website.

12:00pm – 1:21pm

CHAIRMAN