



Minutes of a meeting of the Local Pension Board held at County Hall, Glenfield on Wednesday, 26 April 2023.

PRESENT

Mrs. R. Page CC (in the Chair)

Mr. A Cross
Ms. C. Fairchild

Mr. M. Saroya

61. Minutes

The minutes of the meeting held on 8 February 2023 were taken as read, confirmed and signed.

62. Question Time.

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

63. 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.

64. 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.

No declarations were made.

65. LGPS Central Joint Committee and Annual General Meeting Update

The Board received a report from the Director of Corporate Resources which provided an update on LGPS Central's (Central) Joint Committee and Annual General Meetings, and other relevant matters. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

The Chair welcomed Mr Ian Armfield for Central to the meeting.

Arising from the discussion, the following points arose:

- i. The eight Midlands-based Local Government Pension Funds totalled over £45billion, which included £5.5billion Leicestershire Fund as of 31 March 2023.
- ii. For clarity, it was explained that ORCA was the Operations Risk Compliance and Administrations committee.

- iii. Members were informed that, as Leicestershire County Council had a risk register for the Fund, similarly Central held its own regularly reviewed risk register, in that risks were listed with consequences, actions taken, and mitigation of risks, and RAG rated accordingly.
- iv. In terms of the LGPSC's Audit, Risk and Compliance Committee, Members were reassured it had oversight of risk management and assurance, providing appropriate scrutiny of the control environment, and focussed on the integrity of financial statements to ensure they had been appropriately and accurately prepared.
- v. There were also internal auditors under the direct control of the Board, with KPMG used as external auditor for the internal audit, and who had a rolling plan of work that looked at all aspects of Central's operations, and ensured management followed up on any recommendations and improvements for operations on a timely basis. Members were informed that Central produced an AAFO120 report with information on the controls around certain investment management activities and were the first Pool to produce such a report.
- vi. As a regulated entity Central had to ensure it had sufficient regulatory capital (currently at 200% required by the regulator) and produced an annual statement to the regulator. Members were reassured there was nothing of concern to bring to the attention of the Fund.
- vii. Members were further reassured there was a compliance monitoring programme, looking at a broad range of topics around compliance, including investments, market abuse regulations, monitoring of fraud, and conflicts of interest. Priorities for the current year included, from a risk perspective, the automation of manual processes where possible, making them effective and smarter to reduce risk, and further scrutiny of suppliers, to ensure services were provided good value for money.
- viii. Incremental improvements would be made in all aspects of reporting, ensuring that what was being reported was accurate, appropriate, helpful and produced within time frames.
- ix. LGPS Central were in the process of renewing its internal audit mandate and was an opportunity to refresh and rethink what was wanted from an internal audit service.
- x. Advisors were being encouraged to add value (or more value) to what they did, or in some cases explain the value they were adding from the service they provided, which was not always obvious.
- xi. A Member queried that how Central monitored communication across all stakeholders effectively to ensure value for money. Members were assured that Central was a well-structured, organised business with good budgetary control, whereby detailed budgets were ultimately approved by partner funds.
- xii. A Member further raised the issue of pensions having an aspect of questions around green or climate investment at local level. Officers confirmed that recently the Local Pension Committee had approved the Net Zero Climate Strategy after extensive engagement and consultation, and an annual Responsible Investment

(RI) Plan, to which the public could be directed to online. It was noted that Managers had to improve, and new Managers had to ensure their RI credentials were in line with the Fund's policies, and funds were measured for green target attainment.

RESOLVED:

That the report and update be noted.

66. Pension Fund Administration Report January to March 2023 - Quarter Four

The Board received a report from the Director of Corporate Resources which provided information of the main administrative actions in the fourth quarter period from January to March 2023. The report covered governance areas including administration of Fund benefits and the performance of the Pensions Section against its Performance indicators. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

Arising from the discussion, the following points arose:

- i. Members were asked to note that the Key Performance Indicators represented a strong quarter, with most above target or remaining close to target.
- ii. Officers reported that since the report had been written, three other employer risk cases had concluded during the quarter in addition to those listed at point 48 in the report. Members were reassured that whilst there were outstanding agreements or bonds, there were none that were of major concern.
- iii. Members were informed that Hymans Robertson had prepared new online training with up-to-date information and was scheduled to go live early June 2023. There were various elements to the training which had been simplified into shorter sessions that Members would need to complete the modules again. It was noted that Hymans had been invited to the joint Local Pension Committee and Pension Board in person training on 13 June 2023 to introduced Members to the new training modules highlighted as the highest areas of knowledge and need.
- iv. Members of the Board were appreciative of all the work that had been undertaken by the team in what had been a challenging quarter and added that the quarter end results were outstanding.
- v. A Member also referenced a long running case taken through the Internal Dispute Resolution Procedure (IDRP) for which the Ombudsman had not upheld the member's complaint and had found in the favour of the Fund and employer, and was a wonderful accolade to the service.

RESOLVED:

That the report be noted.

67. Risk Management and Internal Controls

The Board received a report from the Director of Corporate Resources which provided information of any changes relating to the risk management and internal controls of the Pension Fund, as stipulated in the Pension Regulator's Code of Practice. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

A thorough review of the risk register was undertaken in March 2023, which was helpful to complete on the back of valuation completing and the Net Zero Climate Strategy being completed. It also provided an opportunity to revisit the layout, risks and scores which were RAG rated. A summary of changes to risks were included in the report.

RESOLVED:

That the report be noted.

68. Internal Audit Arrangements (Including Internal Audit Work Conducted During 2022-23) and the Internal Audit Plan

The Board received a report from the Director of Corporate Resources which provided information on the internal audit arrangements for the Leicestershire County Council Pension Fund (the Fund) and LGPS Central, and summarised the outcomes of audits conducted during 2022-23 and outline of the internal audit plan for 2023-24. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

Arising from the discussion, the following points arose:

- i. Overall performance against the 2022-23 internal audit plan showed that three audits were deferred into the 2023-24 financial year which was due to developments nationally.
- ii. In response to a Member query it was explained that the four-year internal audit plan of work was split between the eight partner funds, with audits assigned to two partners each year on a rota basis, with Leicestershire County Council not required to complete pool audit work until 2024/25.

RESOLVED:

That the report be noted.

69. Pension Fund Continuous Improvements Report

The Board received a report from the Director of Corporate Resources which provided a regular update regarding progress in respect of areas identified as requiring improvement within the Pensions Section. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

Arising from the discussion, the following points arose:

- i. A Member acknowledged there was a backlog of outstanding cases under the aggregations process and asked that thanks be passed from the Board to the team who were undertaking the work.
- ii. With regards to Members' Self Service it was asked how it was inclusive for members who were not able to access the service online, for example, through disability. Officers reported that online access was the default, but where members had specific issues, with regards to vision, for example, officers would work with them to ensure the member received the correct format of information they required, for example, large print versions of document, or electronic to feed into a translator.

RESOLVED:

- a. That the report be noted.
- b. Members note the date of the joint Local Pension Committee and Pension Board in-person training on Tuesday 13 June 2023.

70. Additional Voluntary Contributions

The Board received a report from the Director of Corporate Resources which informed the Board of the Fund's Additional Voluntary Contribution (AVC) arrangements, the choice of investments offered to members and oversight of the provider's performance. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

A Member queried how members could access all information on AVCs. Officers reported there was information on the pension scheme website on AVCs and provided contact details for the Prudential should a member wish to enter a salary sacrifice arrangement.

RESOLVED:

That the report be noted.

10.00 – 11.23am
26 April 2023

CHAIRMAN