



Minutes of a meeting of the Local Pension Board held at County Hall, Glenfield on Wednesday, 2 August 2023.

PRESENT

Mrs R. Page CC (in the Chair)

Mrs. C. Fairchild
Mrs. R. Gilbert

Mr. R. J. Shepherd CC

1. Appointment of Chairman.

RESOLVED:

That Mrs R. Page CC be appointed Chairman for the period ending with the date of the Annual Meeting of the County Council 2024.

Mrs. R. Page CC in the Chair

2. Election of Vice-Chairman.

RESOLVED:

That Mrs. C. Fairchild be appointed Vice Chairman on the Local Pension Board up to the Pension Fund Annual General Meeting, 11 December 2023.

3. Minutes.

The minutes of the meeting held on 26 April 2023 were taken as read, confirmed and signed.

4. Question Time.

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

5. 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.

6. 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. R. Shepherd declared an Other Registrable Interest in Agenda Item 7 'Pension Fund Administrative Report April to June 2023 – Quarter One' and Agenda Item 11 'Pension

Fund Continuous Improvements Report' as the reports covered the period he had been a member of the East Midlands Shared Services Joint Committee, though he had stood down from the Committee in May 2023.

Mr. R. Shepherd declared an Other Registrable Interest in Agenda Item 9 'Pension Fund Annual Report and Accounts 2022/23', referencing page 106 as he had worked with Mr. L. Breckon, Cabinet Lead Member for Corporate Resources, who had signed the Statement of Responsibilities for Leicestershire County Council Pension Fund.

Whilst not declared under this item, later in the meeting during consideration of Agenda Item 10 'Community Admission Bodes – Voluntary Action Leicester and Bradgate Park Trust', Mr. R. Shepherd CC declared an Other Registrable Interest in this item as he was a Cabinet Member which would receive the report for approval on behalf of the County Council.

7. Pension Fund Administration Report April to June 2023 - Quarter One.

The Board considered a report from the Director of Corporate Resources which provided information on the main administrative actions in the first quarter period from April to June 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 7' is filed with these minutes.

In presenting the report, the Director Highlighted that:

- i. Of the two legal admission agreements having not been completed, the Leicester City Council (Mellor School) to Caterlink case had now been concluded, leaving only one outstanding (Herrick School).

Arising from the discussion, the following point arose:

- ii. In response to a Member question, the Director advised that the report had been drafted before the deadline of 31st July which was when employers were required to respond to queries raised by the Pensions Team. The vast majority of benefit statements would still be sent out to pension fund members whilst some employers were finalising information.

RESOLVED:

That the Pension Fund Administration Report for the period April to June 2023, Quarter One, be noted.

8. Change to the Order of Business

The Chairman sought and obtained the consent of the Committee to vary the order of business from that set out on the agenda for the meeting.

9. Pension Fund Annual Report and Accounts.

The Board considered a report of the Director of Corporate Resources which sought the Board's comments on the Annual Report and Accounts of the Pension Fund for the

financial year 2022/23. A copy of the file marked 'Agenda Item 9' is filed with these minutes.

Arising from the discussion, the following points arose:

- i. A Member queried the statistics under administration costs. It was explained that the total when comparing the budget of £2,870,000 to actual spend of £2,919,000 showed an overspend of £49,000. The budget comprised of five areas of staffing, IT, actuarial, support services and other costs. It was noted there was an underspend of £150,000 of what had been budgeted for 2022/23 actuarial costs.
- ii. A Member questioned why it had not been considered necessary to levy interest on overdue contributions of employers. The Director undertook to clarify the position and provide an update to Board Members after the meeting.

RESOLVED:

- a. That the Pension Fund Annual Report and Accounts for the financial year 2022/23 be noted.
- b. That the Pensions Manager be requested to clarify and provide an update to Members of the Board as to why interest on overdue contributions of employers had not been levied

10. Report of the Local Pension Board - Annual Report 2022/2023.

The Board considered a report of the Director of Corporate Resources which sought the Board's approval of the Local Pension Board Annual Report for the financial year 2022/2023. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Board supported the contents of the report, which would be reported to the Local Pension Committee on 8 September, and at the Fund's Annual General Meeting on 11 December 2023.

RESOLVED

That the Local Pension Board Annual Report be approved.

11. Community Admission Bodies - Voluntary Action Leicester and Bradgate Park Trust.

The Board considered a report of the Director of Corporate Resources which sought the Board's views on the proposed transfer of Voluntary Action Leicester pension fund assets and liabilities to Leicestershire County Council and Bradgate Park Trust pension fund assets and liabilities equally to Leicestershire County Council and Leicester City Council, thereby reducing Pension Fund risk. It was noted the report would be presented to the Local Pension Committee on 8 September 2023, and to Cabinet for Leicestershire County Council Employer approval in the Autumn. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

Mr Shepherd declared a non-registrable interest in this item as a Member of the County Council's Cabinet which would receive the report.

Arising from the discussion, the following points arose:

- i. A Member raised concern that, though small, there was still some degree of risk for the County and City Council in assuming responsibility for the liabilities of both organisations, and asked how this would be managed. It was noted that so far as the pension fund was concerned the proposal would effectively remove risk by providing the two small employers with a guarantor. The risk to the County and City Council's would be offset by the transfer of assets. It was further noted that for the County and City the cost of the transfers was of negligible value, but to a smaller employer this would be significant.
- ii. Members noted that with reference to the ongoing basis for return assumption with a 75% chance of this being achieved, there was still a 25% risk but in using the same approach as the 2022 valuation it was considered the fairest approach.
- iii. A Member queried if the smaller employers would be able to accommodate the higher contribution rate required to be paid. It was explained that this would be a decision for both VAL and the Bradgate Park Trust. They would need to consider on balance whether to pay a slightly higher contribution rate, but with the benefit and knowledge that risk had been removed or to keep the risk and pay the existing level of contributions. The two employers had seen the report and proposed rates, as had the Treasurer of the Bradgate Park Trust, and would ultimately make a decision through their relevant management teams and committees.
- iv. In response to questions raised the Director explained that if an employer agreed to cease their current admission agreement, a new legal admission agreement would be prepared and circulated before the current agreement ended to ensure a seamless transition.

RESOLVED:

- a. That the report on the Community Admission Bodies – Voluntary Action Leicester and Bradgate Park Trust be noted and that the proposed transfers be supported;
- b. That the comments now made by the Board be forwarded to the Local pension Committee for consideration at its meeting on 8 September 2023.

12. Pension Fund Continuous Improvements Report.

The Board considered a report of the Director of Corporate Resources which provided an update regarding progress in respect of areas of identified improvement within the Pensions Section. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

Arising from the discussion, the following points arose:

- i. The LGPS tender framework under development would be used by funds when looking to review or replace their Additional Voluntary Contributions (AVC) provider.
- ii. Once the implementation of the McCloud regulations came into effect from 1 October 2023, there would be some expected increase in staff time spent on retirement cases for those who left or whose pension was due from that date. This would impact on some key performance indicators and staff workloads and the position would be monitored.

- iii. Members recognised the increased workload for officers since the legislation had been introduced and congratulated the team on the tremendous job undertaken.

RESOLVED:

That the Pension Fund Continuous Improvements report and update be noted.

13. Pension Overpayments Report.

The Board considered a report of the Director of Corporate Resources which provided information on how Officers sought to minimise overpayment of pensions and the steps in place regarding overpayments that occurred. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

RESOLVED:

That the report on Pension Overpayments be noted.

14. Risk Management and Internal Controls.

The Board considered a report of the Director of Corporate Resources which provided information on 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 13' is filed with these minutes.

Members asked that an additional column to show risk score changes be included in the Risk Register appended to future reports to make clear what the direction of travel was for the risks identified. It was not currently clear which risks were increasing and which were decreasing, or which remaining constant for the time being. .

RESOLVED:

- (a) That the report on Risk Management and Internal Controls be noted;
- (b) That the Risk Register be amended to include a column showing risk score changes.

15. Dates of Future Meetings.

The dates of future meetings of the Local Pension Board scheduled to take place on the following dates, all at 10.00am, were noted:

18 October 2023
7 February 2024
17 April 2024
31 July 2024
16 October 2024

Members were also asked to note the Fund's Annual General Meetings had been scheduled to take place at 12 Noon on the following dates, and these would be open to all scheme members to attend:

- 11 December 2023
- 9 December 2024

10.00am to 11.26am
02 August 2023

CHAIRMAN