

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, 11 December 2023, at 12.00pm.

PRESENT:

Leicestershire County Council
Mr. T. Barkley CC (Chairman)

District Representative
Cllr. M. Cartwright

Leicester City Council Representative
Cllr. A. Clarke

Employee Representative
Mr. N. Booth

112. Minutes of the meeting held on 12 December 2022

The minutes of the meeting held on 12 December 2022 were taken as read, confirmed and signed.

113. Question time.

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

114. Questions asked by members.

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

115. Urgent items.

There were no urgent items for consideration.

116. 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.

117. Pension Fund Annual Report and Accounts 2022/23.

A presentation by the Director of Corporate Resources was given on the Annual Report and Accounts of the Pension Fund 2022/23. A copy of the report marked 'Agenda Item 6' and presentation is filed with these minutes.

Arising from the presentation the following points were highlighted:

- i. It was explained that since March 2022, there had been an increase in the number of active contributions to the pension fund, preserved benefits and pensioners.
- ii. There were over 100,000 members, spread over 180 employing organisations, including some private sector bodies.
- iii. There were around 2,500 to 3,000 retirements a year, but also a lot of new members joining the scheme through auto-enrolment.
- iv. Key Performance Indicators for business processes and customer perspectives were close to, or above target.
- v. Looking ahead, the McCloud Sargeant judgement remained a huge exercise to implement, as it required looking back retrospectively to 2014 through to 2022. The remedy was being implemented in phases due to the size of the exercise. Thanks were given to all 180 employers who had provided the data needed as part of this work.
- vi. A national exercise to introduce the pension Dashboard for members to view all their pension information in one place had commenced. The project would be implemented in two phases and was due to go live in 2025, with pension members being able to view their pension data in 2026.
- vii. Annually a strategic asset allocation paper was taken to the Local Pension Committee to look at asset allocations in detail.
- viii. The Fund considered responsible investment by incorporating environmental, social and governance (ESG) factors into its decision making and ownership practices, supported by membership of the Local Authority Pension Fund Forum, investment managers and LGPS Central. The approach looked to encourage companies the Fund might already be invested in to improve their ESG risk management or develop more sustainable business practices.
- ix. The Fund considered climate change as a material risk, stemming from two key areas, namely the physical changes of climate change, such as the weather and how that might affect food supply and water availability, and from the transition to a low carbon economy, for example, issues with carbon tax on companies and the impact on valuations. Headline statistics showed the Fund was progressing well towards meeting its net zero targets.

In response to questions raised, the following points were noted:

- x. It was important to report annually against carbon metrics and targets and a lot of progress had been made in reducing the Fund's carbon

intensity. However, it was clear that real world emission reductions were required, which is why the Fund supported ensuring companies aligned to net zero. As part of this it was important to address greenwashing concerns and create meaningful data which could lead to appropriate investment decisions. It was further reported that the Fund was working hard with LGPS Central, as well as gaining high-level information from investment managers on their own net zero targets. Some investment managers had already set ambitious targets, including the property portfolio, while the Fund's forestry investments worked to remove carbon emissions from the atmosphere.

- xi. During development of the Net Zero Climate Strategy, consultation on climate issues with pension fund members had been undertaken for the first time. Officers had been pleased with the response rate and the thoughtful responses provided which had been helpful in developing the Strategy. As set out in the Strategy, to take account of what was a constantly changing environment, the aims and objectives set out in the Strategy would be the subject of a further engagement in 2026, noting it was important for the Fund to have a long-term view.
- xii. A member congratulated officers on how and the speed in which they had addressed the McCloud judgement following a Court of Appeal ruling. It was questioned how the ruling would be implemented with regards to a deceased person whose estate will have been settled but might have benefitted from the remedy. In response, it was reported that people who were deceased might have had an additional element under McCloud, but it was not anticipated that there would be many of those cases.
- xiii. A member questioned if the efforts of engagement, and withdrawal from fossil fuels would result in having stranded assets. It was acknowledged that, as had been reported earlier, by 2030 the Fund had a target to be 50% lower in terms of carbon intensity and had already made great steps to meet this. It was further noted that earlier in December 2023, another change had been made to the Fund where it had moved into a low carbon transition fund with LGIM that would further improve the Fund's approach to climate risk and opportunities.

RESOLVED:

That the contents of the Annual Report for 2022/23 and presentation be noted.

118. Local Pension Board Annual Report.

A report was presented on behalf of the Local Pension Board. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

RESOLVED:

That the report be noted.

119. Report of the Local Pension Committee Employee Representatives.

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

Employee representatives reiterated that the Local Government Pension Scheme was a great success in terms of the national pensions picture, was a well-funded scheme that provided a very good pension for its members and was well administered.

RESOLVED:

That the report be noted.

120. Appointment of Scheme Member Representatives to the Local Pension Committee.

The Chairman reported that three nominations for the position of employee representative on the Local Pension Committee had been received. However, there were only two positions vacant, one for a period of three years and the other for a residual term of one year to fill a recently vacated post.

The nominations were for Mr. Vipul Bechar, Mr. Nick Booth, and Ms. Lesley Ann Panton. At this point in the meeting, Ms. Panton announced her withdrawal of her application which was accepted by the Chairman and those present.

It was noted that the current employee representative elected to the Committee was:

Mr. C. Pitt (to remain an employee representative for a period of two years).

RESOLVED:

- a) That Mr. N. Booth be appointed as an employee representative for a period of three years expiring at the Annual Meeting in 2026.
- b) That Mr. V. Bechar be appointed as an employee representative for a period of one year expiring at the Annual Meeting in 2024.

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

The Chairman reported that two nominations for the position of employee representative on the Local Pension Board had been received. The nominations were for Mr. Anthony Cross and Mr. Andrew Stewart. It was noted there was also a vacancy of reserve employee representative.

It was noted that the current employee representatives elected to the Board

were:

- Mr. M. Saroya (to remain an employee representative for a period of one year).
- Mrs. R. Gilbert (to remain an employee representative for a period of two years).

RESOLVED:

- a) That Mr. A. Cross be appointed as an employee representative for a period of three years expiring at the Annual Meeting in 2026.
- b) That Mr. A. Stewart be appointed as a reserve employee representative.

122. Date of next meeting.

It was noted that next Annual General Meeting would be held on 9 December 2024.

12:00pm to 1:02pm
Monday, 11 December 2023

CHAIRMAN