



Minutes of a meeting of the Local Pension Board held at County Hall, Glenfield on Wednesday, 16 October 2024.

PRESENT

Mrs R. Page CC (in the Chair)

Mr. A Cross
Cllr. E. Cutkelvin
Mrs. R. Gilbert

Mr. M. Saroya
Mr. R. J. Shepherd CC

In Attendance

Mr. A. Stewart

11. Minutes.

The minutes of the meeting held on 31 July 2024 were taken as read, confirmed and signed.

12. Question Time.

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

13. Urgent items.

There were no items for consideration.

14. 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.

Mr. Shepherd declared a non-registrable interest in Agenda Item 5 (Pension Fund Administration Report July to September 2024 – Quarter Two), as he was a member of the Teacher Pension Scheme.

15. Pension Fund Administration Report July to September 2024 - Quarter Two.

The Board considered a report of the Director of Corporate Resources which provided information on the main administrative actions in the second quarter period from July to September 2024, and covered governance areas including administration of Fund benefits and the performance of the Pensions Section against its Performance Indicators. The Board was recommended to raise any areas of concern to be reported to the Local Pension Committee. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

Arising from the discussion, the following points arose:

- i. The refreshed procedure for reporting breaches of the law to the Pensions Regulator appended to the report was for Members to note only.
- ii. Members requested, given that the next meeting of the Board was not until February 2025, that following the new Government's budget announcement on 30 October 2024, officers circulate a briefing note to Members if anything included in the budget would be detrimental to the Fund.
- iii. Members noted the opportunity for LCC Digital Services to improve the main Fund website and asked that they be kept informed of progress. Members requested a pictorial diagram of the website to better understand linkages between the different areas. Officers stated they were open to ideas and suggestions from Members to improve the functionality of the website.
- iv. Members asked that their thanks be passed on to Pension Team staff who had continued to work incredibly hard, providing an excellent service.

RESOLVED:

- a) That the Pension Fund Administrative Report July to September 2024 be noted;
- b) That the Director be requested to circulate a briefing note via email to Members containing any implications for the Fund following the Government's proposed budget on 30 October 2024.

16. Local Government Pension Scheme - Current Developments.

The Committee considered a report of the Director of Corporate Resources which provided an update on current developments across the Local Government Pension Scheme (LGPS) following the 2024 General Election. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

Arising from the discussion, the following points arose:

- i. Members queried what risks could arise if the Government were to mandate pooling. Officers explained that Leicestershire's Fund had been pooled for a number of years and was one of eight joint owners of LGPS Central. The percentage of the Fund pooled was towards the top end of partner funds and would continue at a steady rate subject to the right products for the Fund being identified. It was important to undertake investments in a controlled manner, and to mitigate risks by not investing without the right governance and oversight.
- ii. There was an issue with flexibility and availability of products with pooling and if the Fund were mandated to pool more it could mean that the same flexibility or the range of products the Fund had access to might be lost, therefore there were pros and cons, and it was a difficult balance that would have to be met. Members would be updated on any emerging information from Government.
- iii. Fees were charged as a percentage of the size of the fund and therefore as the LGPS had grown it was to be expected that the actual monetary value of the fees

would go up. However, as a result of pooling and in consultation with managers, the percentage increase in fees (19%) was not as high as the 48% increase in assets under management (AUM) and the 4% increase in assets invested in private markets.

- iv. In response to a Member's query regarding investing in a pooled investment area and whether diversification had been watered down. It was explained that the Fund had a huge area of diversification, with investments in practically every market, from passive liquid equity through to emerging market debt. Moving past seven or eight different asset classes, each new asset class added a little less diversification. However, the benefits outweighed the risks, for example, the ability to buy cheaper products with guaranteed lower costs. Investment returns in the future were not guaranteed, however, management fee savings could be made through dealing with a product in the pool versus what could be saved by the Fund alone. Any information on savings received would be conveyed to the Board and Committee if available.

RESOLVED:

That the Local Government Pension Scheme – Current Developments report be noted.

17. Funding Risk Update and 2025 Valuation Planning.

The Board considered a report of the Director of Corporate Resources which provided an update on changes to the funding environment since the 2022 valuation, the risks currently raised by the Fund and the actions to be taken to help manage the risks as part of the 2025 valuation. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

RESOLVED:

That the Funding Risk Update and 2025 Valuation Planning report be noted.

18. 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 8' is filed with these minutes.

RESOLVED:

That the report on Risk Management and Internal Controls be noted.