

Minutes of a meeting of the Local Pension Committee held at County Hall, Glenfield on Friday, 6 September 2024.

PRESENT

Leicestershire County Council

Mr. T. Barkley CC
Mr. D. Grimley CC
Mrs. H. J. Fryer CC
Mr. D. Harrison CC
Mr. D. Bill MBE CC

Leicester City Council

Cllr G Whittle

District Council Representative

Cllr. M. Cartwright
Cllr. R. Denny

University Representative

Mr James Henry (Loughborough University)

Staff Representatives

Mr. V. Bechar
Mr. C. Pitt

39. Minutes.

The minutes of the meeting held on 19 June 2024 were taken as read, confirmed and signed.

40. Question Time.

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

41. Questions asked by members under Standing Order 7(3) and 7(5).

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

42. Urgent Items.

There were no urgent items for consideration.

43. 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.

44. 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.

45. Funding Risk Update and 2025 Valuation Planning.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide an update on changes to the funding environment since the 2022 valuation, the risks currently faced by the Fund and the actions to be taken to help manage those risks as part of the 2025 valuation. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed Tom Hoare and Richard Warden from Hymans Robertson, the Council's Actuary, to the meeting. They provided a presentation as part of this item. A copy of the presentation slides is filed with these minutes.

Arising from discussion, the following points were made:

- (i) Valuations always held some degree of uncertainty as assumptions had to be made across a number of factors. In particular regarding future funding costs, which would be affected by inflation, and when benefits would have to be paid, which would be affected by Government Policy and personal choice given some chose to retire early.
- (ii) A Member questioned what impact an increase in the pension age from 67 to 68 might have on the current valuation if implemented by the Government. It was noted that this had already been built into the current valuation modelling and so the impact would not be significant. In practice it would also likely have a cost neutral affect as this would be balanced against a reduction in costs arising from those that chose to retire early.
- (iii) Employee contributions were fixed by legislation as a percentage of their earnings. In contrast, employer contributions fluctuated based on the cost of the Fund. When this was in deficit, employer contributions had to increase. Members noted that the Fund was currently in a good position, holding a surplus, but this has not always been the case.
- (iv) Climate risk was factored into the valuation model. Members noted over 5,000 future economic scenarios had been considered by the Fund's actuary, some of which related to climate change. The funding position was based on a 75% likelihood of the target for future returns being achieved, or exceeded. This meant there was a 25% chance of return targets not being met including due to events, such as a catastrophic climate event or a financial crisis as occurred in 2008, which could have a significant negative impact on future returns. Members acknowledged that funding plans could not be based on all worse case scenarios occurring. The Committee was reassured that the Fund was alive to these risks which were being addressed through its Climate Risk Strategy. Members also noted that all risks were regularly reviewed, as was the assumed likelihood of future returns being achieved and that the level of prudence could be raised if this was considered

necessary.

- (v) Long dated bond valuations would be negatively affected by a rise in interest rates, and a Member suggested these were not therefore as attractive as other asset classes. Members noted the position was complex and the timing of moving in and out of asset classes as investments matured would have an effect. Members were reassured that the Fund had a spread of investments and whilst it had some long dated bonds and so had some exposure, this was by no means high compared to other LGPS Funds.

RESOLVED:

That the changes to the funding environment since the 2022 valuation, the risks currently faced by the Fund and the actions to be taken to help manage these risks as part of the 2025 valuation be noted.

46. Quinbrook Infrastructure Partners - Infrastructure Presentation.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide information on the Leicestershire Pension Fund (Fund) infrastructure investments and general performance of the Fund's infrastructure investments held with Quinbrook Infrastructure Partners (Quinbrook). A copy of the report marked 'Agenda Item 7' is filed with these minutes.

The Chairman welcomed Mark Burrows, Rosalind Smith-Maxwell and James Forsyth from Quinbrook to the meeting who supplemented the report with a presentation. A copy of the presentation slides is filed with these minutes.

Arising from the presentation by Quinbrook, the following points were made:

- (i) Members welcomed the presentation noting that the fund was performing well and that valuations continued to increase.
- (ii) Quinbrook focused its investments in the UK, America and Australia. Whilst there was the potential to invest up to 10% in other OECD (Organisation for Economic Co-operation and Development) countries, this was unlikely as from experience these three markets were those most likely to deliver the returns being targeted.
- (iii) A Member questioned if access to the national grid continued to act as a barrier to the delivery of greener, growth projects. It was noted that the UK was facing a period of change as current gas and nuclear connections would come to an end around 2030 due to age. This would provide capacity for new alternative, greener sources of power, such as solar and wind, to be connected to the grid in replacement. Reform of the process around grid connection applications was also being introduced which would help address this issue. Currently a number of developers held grid connections for schemes that had not received planning consent or related to land they had not yet purchased. Now applicants had to demonstrate deliverable projects before a connection would be granted.
- (iv) Regarding investments in decarbonising data centres, a member questioned how Quinbrook sought to mitigate against future technology risks, given that significant changes in technology such as AI (artificial intelligence) were on the horizon. Members were reassured by the strategy adopted by Quinbrook which was to only

build the shell of the data centres and provide the power related infrastructure. This transferred the risk to the tenant who would be responsible for building the data centre itself, and updating this in the future, in line with their requirements.

RESOLVED:

- (a) That the Leicestershire Pension Fund infrastructure investments be noted;
- (b) That the presentation provided by Quinbrook Infrastructure Partners and the performance of investments held with them be noted and welcomed.

47. Risk Management and Internal Controls.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to inform the Committee 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 11' is filed with these minutes.

RESOLVED:

- (a) That the Risk Management and Internal Controls report be noted.
- (b) That the revised Pension Fund Risk Register attached as Appendix A to the report be approved.

48. Draft Pension Fund Annual Report and Accounts 2023/2024.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to seek the Committee's approval of the Annual Report and Accounts of the Pension Fund for the financial year 2023/24. A copy of the report marked 'Agenda Item 15' is filed with these minutes.

RESOLVED:

- (a) That the Annual Report and Accounts of the Pension Fund for the financial year 2023/24 be approved subject to External Audit;
- (b) That it be noted that the External Audit of the 2023/24 Leicestershire County Council Statement of Accounts, Annual Governance Statement and Pension Fund Accounts would be presented to the Council's Corporate Governance Committee.

49. Local Government Pension Scheme - Current Developments.

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

Some Members expressed concern that the Government might seek to have greater control over how funds were invested to support UK growth and the impact greater pooling of funds, if introduced, would have on its investments with LGPS Central and LGIM.

RESOLVED:

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

50. Pension Fund - Budget Monitoring Update.

The Committee considered a report of the Director of Corporate Resources the purpose of which was to provide an update on the Leicestershire County council Pension Fund budget and forecast for 2024/25 and future years. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

Regarding the actuarial costs in 2024/25 which would rise to £400,000 it was noted that this was due to the amount of work required in every three year cycle for the tri-annual fund valuation. Such costs would return to normal levels (£150,000) the following year.

RESOLVED:

That the Pension Fund Budget Monitoring Update report be noted.

51. Summary Valuation of Pension Fund Investments.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide an update on the investment markets and how individual asset classes were performing. The report also provided an update on action taken by the Investment Subcommittee at its meeting on 24 July 2024 with respect to infrastructure and private equity investments, and on progress with respect to the listed equity changes agreed by the Subcommittee in April 2023. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

Arising from discussion, the following points were made:

- (i) A Member commented that there had been a steady decline in economic growth and raised concerns regarding the possible impact of falling share prices. Members were reassured that the Fund was careful regarding its positioning and that the updated Investment Strategy would shortly be presented to the Committee for approval. It was noted that the Fund did not invest in single stocks and had been reducing its equity over time recognising that, as it got bigger, it needed to take less risk.
- (ii) A member raised concerns that inflation might be higher than anticipated and questioned whether to reduce the Funds risk profile, the 75% prudence level should be lifted. The Director advised that 75% was currently regarded as prudent and as a long term investor inflation risk was often not significant, though this would be reassessed if volatility and uncertainty in the markets grew.
- (iii) All world holdings included investments in the UK. The Fund had £253m invested in listed equity, and overall, £764m in UK government bonds, infrastructure and private equity which amounted to approximately 12% of the Fund. In addition, the Fund also invested in UK property which amounted to a further 5% of the Fund.

RESOLVED:

That the report on Summary Valuation of Pension Fund Investment be noted.

52. Responsible Investment Report.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to present the proposed metrics that would be presented as part of the Climate Risk Management Report for 2024, and to provide an update on the Fund's quarterly voting and stewardship activities undertaken on its behalf via LGPS (Local Government Pension Scheme) Central and LGIM (Legal and General Investment Managers) and the Local Authority Pension Fund Forum. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

RESOLVED:

That the report on Responsible Investing be noted.

53. Local Pension Board Annual Report 2023/2024.

The Committee considered the Annual Report of the Local Pension Bboard for 2023/24. A copy of the report marked 'Agenda Item 13' is filed with these minutes.

RESOLVED:

That the Local Pension Board Annual Report for 2023 to 2024 be noted.

54. The Pension Regulator's Code of Practice.

The Committee considered a report of the Director of Corporate Resources the purpose of which was to provide a summary of Fund Officers initial view of compliance against the Pension Regulator's General Code of practice. The report recorded the findings from their initial assessment across all relevant subject areas. A copy of the report marked 'Agenda Item 14' is filed with these minutes.

RESOLVED:

That the report on The Pension Regulator's Code of Practice be noted.

55. Dates of future meetings.

RESOLVED:

(a) That the dates of future meetings of the Committee be held on following dates, starting at 9.30am:

29 November 2024
 31 January 2025
 14 March 2025
 27 June 2025
 26 September 2025
 5 December 2025

- (b) That it be noted that meetings of the Fund's Annual General Meeting would be held on the following dates, starting at 12 Noon, and that this meeting would be open to all scheme members to attend:

9 December 2024
10 December 2025

56. Exclusion of the Press and Public.

RESOLVED:

That under Section 100(A) of the Local Government Act 1972 the public be excluded from the meeting for the remaining items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12(A) of the Act.

57. Leicestershire Total Fund Summary Q2

The Committee considered an exempt report by Hymans Robertson. A copy of the report marked 'Agenda Item 19' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

58. LGPS Central Quarterly Investment Report - 30 June 2024

The Committee considered an exempt report by LGPS Central. A copy of the report marked 'Agenda Item 20' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

59. Ruffer Quarterly Report 30 June 2024

The Committee considered an exempt report by Ruffer. A copy of the report marked 'Agenda Item 21' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

60. Adams Street Partners Quarterly Report 31 March 2024

The Committee considered an exempt report by Adams Street Partners. A copy of the report marked 'Agenda Item 22' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

61. Fulcrum Diversified Core Absolute Return Quarter 2 2024

The Committee considered an exempt report by Fulcrum. A copy of the report marked 'Agenda Item 23' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

62. Legal and General Investment Manager Quarterly Report 30 June 2024

The Committee considered an exempt report by Legal and General Investment Manager. A copy of the report marked 'Agenda Item 24' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

63. LGPS Central PE Primary Partnership 2018 LP Quarterly Report 31 March 2024

The Committee considered an exempt report by LGPS Central PE Primary Partnership 2018 LP. A copy of the report marked 'Agenda Item 25' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

64. LGPS Central PE Primary Partnership 2021 LP Quarterly Report 31 March 2024

The Committee considered an exempt report by LGPS Central PE Primary Partnership 2021 LP. A copy of the report marked 'Agenda Item 26' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

65. Patria SOF III LP Quarterly Report 31 March 2024

The Committee considered an exempt report by Patria. A copy of the report marked 'Agenda Item 27' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

66. KKR Global Infrastructure Investors Fourth Quarter 2023 Update February 2024

The Committee considered an exempt report by KKR Global Infrastructure Investors. A copy of the report marked 'Agenda Item 28' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

67. KKR Global Infrastructure Investors First Quarter 2024 Update May 2024

The Committee considered an exempt report by KKR Global Infrastructure Investors. A copy of the report marked 'Agenda Item 29' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

68. Saltgate UK AVPUT 31 March 2024

The Committee considered an exempt report by Saltgate UK. A copy of the report marked 'Agenda Item 30' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

69. Saltgate UK AVPUT II 31 March 2024

The Committee considered an exempt report by Saltgate UK. A copy of the report marked 'Agenda Item 31' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

70. Infracapital Greenfield Partners LP - Unaudited Valuation Statement

The Committee considered an exempt report by Infracapital Greenfield Partners LP. A copy of the report marked 'Agenda Item 32' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

71. Colliers - The Leisure Fund Unit Trust 31 March 2024

The Committee considered an exempt report by Colliers – The Leisure Fund Unit Trust. A copy of the report marked ‘Agenda Item 33’ is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

72. Christofferson Robb & Company CRC Capital Release Fund III Ltd. Quarter 2 April - June 2024

The Committee considered an exempt report by Christofferson Robb & Company CRC. A copy of the report marked ‘Agenda Item 34’ is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

73. Christofferson Robb & Company CRC Capital Release Fund V Ltd. Quarter 1 January - March 2024

The Committee considered an exempt report by Christofferson Robb & Company CRC. A copy of the report marked ‘Agenda Item 35’ is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

74. Christofferson Robb & Company CRC Capital Release Fund V Ltd. Quarter 2 April - June 2024

The Committee considered an exempt report by Christofferson Robb & Company CRC. A copy of the report marked ‘Agenda Item 36’ is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

75. IFM Global Infrastructure Quarterly Investor Report 30 June 2024

The Committee considered an exempt report by IFM Global Infrastructure. A copy of the report marked 'Agenda Item 37' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

76. JP Morgan Asset Manager Infrastructure Investments Fund Quarterly Report 30 June 2024

The Committee considered an exempt report by JP Morgan Asset Manager Infrastructure Investments Fund. A copy of the report marked 'Agenda Item 38' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

77. LaSalle Central London Office Fund 31 March 2024

The Committee considered an exempt report by LaSalle Central London Office Fund. A copy of the report marked 'Agenda Item 39' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

78. LaSalle Leicestershire County Council Pension Fund Quarter 2 Quarterly Report

The Committee considered an exempt report by LaSalle Leicestershire County Council Pension Fund. A copy of the report marked 'Agenda Item 40' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

79. LGPS Central Credit Partnership I LP Quarterly Report 31 March 2024

The Committee considered an exempt report by LGPS Central Credit Partnership 1. A copy of the report marked 'Agenda Item 41' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

80. LGPS Central Credit Partnership II LP Quarterly Report 31 March 2024

The Committee considered an exempt report by LGPS Central Credit Partnership II. A copy of the report marked 'Agenda Item 42' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

81. LGPS Central Credit Partnership IV LP Quarterly Report 31 March 2024

The Committee considered an exempt report by LGPS Central Credit Partnership IV. A copy of the report marked 'Agenda Item 43' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

82. LGPS Central Direct Property Quarterly Report Quarter 2 2024

The Committee considered an exempt report by LGPS Central Direct Property. A copy of the report marked 'Agenda Item 44' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

83. LGPS Central Core/Core Plus Infrastructure Partnership LP Quarterly Report 31 March 2024

The Committee considered an exempt report by LGPS Central Core/Core Plus Infrastructure Partnership. A copy of the report marked 'Agenda Item 45' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

84. M&G Investments Debt Opportunities Fund II Quarterly Report June 2024

The Committee considered an exempt report by M&G Investments Debt Opportunities Fund II. A copy of the report marked 'Agenda Item 46' is filed with these minutes. The

report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

85. M&G Investments Debt Opportunities III Quarterly Report June 2024

The Committee considered an exempt report by M&G Investments Debt Opportunities Fund III. A copy of the report marked 'Agenda Item 47' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

86. M&G Investments Debt Opportunities IV Quarterly Report June 2024

The Committee considered an exempt report by M&G Investments Debt Opportunities Fund IV. A copy of the report marked 'Agenda Item 48' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

87. Quinbrook Infrastructure Partners Net Zero Power Fund Quarterly Report 30 June 2024.

The Committee considered an exempt report by Quinbrook Infrastructure Partners Net Zero Power Fund. A copy of the report marked 'Agenda Item 49' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

88. Aegon Asset Management Quarterly Report Quarter 2 2024

The Committee considered an exempt report by Aegon Asset Management. A copy of the report marked 'Agenda Item 50' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

89. Aegon Asset Management Global Short Dated Climate Transition Fund Quarterly Report 30 June 2024

The Committee considered an exempt report by Aegon Asset Management Global Short Dated Climate Transition Fund. A copy of the report marked 'Agenda Item 51' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

9.30 - 11.41 am
06 September 2024

CHAIRMAN