



**Minutes of a meeting of the Local Pension Committee held at County Hall,
Glenfield on Tuesday, 15 November 2016.**

PRESENT:

Leicestershire County Council

Mr. P. C. Osborne CC (Chairman)	Mr. T. J. Pendleton CC
Mr. S. J. Hampson CC	
Mr. Max Hunt CC	
Mr. K. W. P. Lynch CC	

Leicester City Council

Cllr Lynn Moore

District Council Representative

Cllr. M. Graham MBE
Cllr. C. Frost

Staff Representatives

Mr. N. Booth	Ms. J. Dean
Mr. R. Bone	

Independent Advisers and Managers

Mr. S. Jamieson	Independent Investment Advisor
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486. Minutes of the previous meeting.

The minutes of the meeting held on 2 September 2016 were taken as read, confirmed and signed.

487. Question Time.

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

488. Questions asked by members.

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

489. Urgent Items.

There were no urgent items for consideration.

490. 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.

491. Summary Valuation of Pension Fund Investments and Investment Performance of Individual Managers.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to present a summary valuation of the Fund's investments at 30 September 2016. A copy of the report is filed with these minutes, marked '6'.

The Director reported that, similar to the previous quarter, the Fund had grown during the three month period 30 June to 30 September with its value increasing by 6.2%. It was noted that overall, the performance of the Fund's investment managers over the last three years was encouraging, with the majority of investments on or above the expected benchmark performance.

RESOLVED:

That the report be noted.

492. Pension Fund Annual Report and Accounts 2015/16.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to present the Annual Report and Accounts of the Pension Fund 2015/16 for approval. A copy of the report is filed with these minutes, marked '7'.

Following discussion, the following points were noted;

- The Fund's membership had grown over the past year and was expected to continue to do so following the introduction of auto- enrolment;
- Every three years the Fund was required to undertake an Actuarial Evaluation (an independent valuation of the scheme's assets used to calculate the amount needed to pay the pension rights already accrued under the scheme). Although the 2016 valuation results were not yet known, there was an expectation that it would be necessary for the Fund's employer contribution rate to rise as the Actuary sought to bring the Fund closer to a fully funded position.

RESOLVED:

That the Pension Fund Annual Report and Accounts for 2015/2016 be approved.

493. Initial Indication of 2016 Actuarial Valuation Outcome and Results of Standardised Assumptions.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide members with an early indication of the funding level of the Leicestershire County Council Pension Fund at 31 March 2016 and to advise on the outcome of the valuation calculated using the standard assumptions required by the Local Government Pension Scheme (LGPS) Advisory Board. A copy of the report marked '8' is filed with these minutes.

Arising from discussion the following points were noted;

- Despite the Fund's overall funding position improving since the last Actuarial Valuation in 2013, negative impacts such as lower assumptions for future investment returns and increased liabilities had resulted in the estimated cost of paying for future service as it accrued increasing substantially from 18.2% to 21.8% of pay;
- When calculating the Fund's future funding ratio, the Actuary had assumed a future investment return of 4.1% whilst the standardised assumption valuation conducted by the LGPS Advisory Board presumed a return of just over 5%. This more optimistic assumption led to the Advisory Board calculating Leicestershire's funding level to be at 92% which compared favourably with the Fund Actuary's calculation of 76%.

RESOLVED:

That the report be noted.

494. Proposed Governance of LGPS Central Investment Pool.

The Committee considered a report of the Director of Corporate Resources the purpose of which was to seek approval for a proposed governance structure for the Local Government Pension Scheme Central Investment Pool which would hold the assets of eight midlands based Local Government Pension Scheme (LGPS) Funds including those of the Leicestershire Fund. A copy of the report marked '9' is filed with these minutes.

The Director reported that whilst there was still a considerable amount of work to complete before 1 April 2018 pooling deadline, the establishment of the Central Investment Pool was progressing well.

Arising from discussion the following points were noted;

- The governance proposals for the LGPS Central Pool had been developed in accordance with guidance issued by the Chartered Institute of Public Finance and Accountancy and complied fully with its operational principles;
- The proposed structure of the LGPS Central Pool, which would need to be approved by all eight member funds, would provide a transparent approach to managing the fund's investments, befitting its public sector nature;
- Whilst the new pooling arrangements would mean the Leicestershire Fund would no longer appoint its own investment managers which would become a responsibility of the pool, the Fund would still maintain total control over the types of asset it invested in and each investment amount.

RESOLVED

- a) That the Chairman of the Local Pension Committee act as the Fund's representative on the Shareholders' Forum, with the Vice-Chairman acting as a substitute;

- b) That the establishment of a Joint Committee for LGPS Central, comprising one representative from each of the eight Funds, plus an independent Chairman for at least the first year be supported, noting that its establishment will be subject to support from the other seven administering authorities which form LGPS Central;
- c) That the Chairman of the Local Pension Committee act as the Fund's representative on the Joint Committee, with the Vice-Chairman acting as a substitute;
- d) That subject to the establishment of a Joint Committee for LGPS Central, a Practitioners Advisory Forum be established, comprising of one officer representing each of the eight Funds and that the County Council's Section 151 officer or his nominee be appointed to serve on the Advisory Forum;
- e) That the Constitution Committee and County Council be recommended to support the establishment of a Joint Committee and Shareholder Forum and agree to the Chairman of the Local Pension Committee acting as the Funds representative on both bodies with the Vice Chairman acting as a substitute.

495. Market Updates - Reports of the Independent Advisor and Kames Capital.

The Committee considered two presentations concerning global market conditions which were presented by the Fund's Independent Investment Advisor. A copy of the presentations, marked '10' are filed with these minutes.

RESOLVED:

That the updates be noted.

496. 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 paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Act.

497. Kempen Capital Management - Manager Note by the Independent Investment Advisor.

The Committee considered an exempt report of the Independent Investment Advisor which detailed the investment programme operated by one of the Leicestershire Fund's investment managers, Kempen Capital Management. A copy of the report marked 13 is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

498. Kempen Capital Management Quarterly Report.

The Committee considered an exempt report by Kempen, a copy of which marked '14' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

499. Aspect Capital Quarterly Report.

The Committee considered an exempt report by Aspect, a copy of which marked '15' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

500. Stafford Timberland Quarterly Report.

The Committee considered an exempt report by Stafford Timberland, a copy of which marked '16' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

501. KKR Quarterly Report.

The Committee considered an exempt report by KKR Quarterly, a copy of which marked '17' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

502. Kleinwort Benson Investors Quarterly Report.

The Committee considered an exempt report by Kleinwort Benson, a copy of which marked '18' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

503. Ruffer Quarterly Report.

The Committee considered an exempt report by Ruffer, a copy of which marked '19' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

504. Pictet Quarterly Report.

The Committee considered an exempt report by Pictet, a copy of which marked '20' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

505. Millennium Global Quarterly Report.

The Committee considered an exempt report by Millennium Global, a copy of which marked '21' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

506. IFM Investors Quarterly Report.

The Committee considered an exempt report by IFM Investors, a copy of which marked '22' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

507. Delaware Investments Quarterly Report.

The Committee considered an exempt report by Delaware Investments, a copy of which marked '23' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

508. JP Morgan Quarterly Report.

The Committee considered an exempt report by JP Morgan, a copy of which marked '24' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

509. Aviva Investors Quarterly Report.

The Committee considered an exempt report by Aviva, a copy of which marked '25' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

510. Legal and General Investment Manager Quarterly Report.

The Committee considered an exempt report by Legal and General, a copy of which marked '26' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

511. Ashmore Quarterly Report.

The Committee considered an exempt report by Ashmore, a copy of which marked '27' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

512. Kames Capital Quarterly Report.

The Committee considered an exempt report by Kames Capital, a copy of which marked '28' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

10.30am – 12.20pm
15 November 2016

CHAIRMAN

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