

LEICESTERSHIRE COUNTY COUNCIL PENSION FUND

ANNUAL GENERAL MEETING – NOVEMBER 18TH 2019

REPORT OF LOCAL PENSION COMMITTEE STAFF REPRESENTATIVES

1. The provision of a good defined benefit pension open to all staff such as the Local Government Pension Scheme is a very valuable benefit which is becoming increasingly rare outside the public sector. Thus the performance of the fund is important to ensure that the scheme can continue in its current form and remains open to further accrual for existing and new employees.
2. The value of the Fund up to the end of March 2019 showed a total Fund value of £4.305 million. This is a very significant increase of over £1.1 billion compared to the previous actuarial review date of March 2016 with equity returns being particularly strong in the early months of 2019.
3. In recent months equity markets have been jittery partly due to trade war worries between the US and China, and specifically in the UK due to uncertainty regarding Brexit. It should be noted though that the pension fund has a long-term funding horizon, and has no need to sell assets in the short term to fund its liabilities.
4. The latest actuarial valuation of the fund showed that as of 31st March 2019, the assets represented 89% of the liabilities, which represented a significant improvement from the 76% valuation in 2016 due to strong investment returns.
5. An independent review by the Government Actuary on the solvency and long-term cost efficiency of funds found that the Leicestershire fund was one of 70 out of 89 funds given green flags on all solvency and long-term cost efficiency measures.
6. LGPS Central in which the Leicestershire pension fund is one of 9 separate funds to pool assets of ultimately approx. £40 billion went live on 1st April 2018. LGPS Central will be responsible for implementing the Fund's investment wishes, although asset allocation (i.e. the markets in which the assets are invested), which is the major determinant of investment performance, will remain the responsibility of the Fund.
7. To date, the passive funds portfolio and the Global Equities Fund have already been transferred to LGPS Central and it is expected that the vast majority of investments will also be transferred over the coming years. It should be noted that the transfer of assets to LGPS Central will not affect ownership of the assets which will remain with the Leicestershire Fund.
8. It is expected that in the long-term, combining into a few pools or superfunds should reduce investment management costs.

9. Staff were represented at all board meetings. We would like to thank the Pensions Section for their administration of the benefits of the fund which has a good reputation.
10. To conclude, the Staff representatives are satisfied that the Fund is currently being managed in a professional manner in the best interests of the scheme members and beneficiaries.

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