



Minutes of a meeting of the Local Pension Board held at County Hall, Glenfield on Monday, 2 December 2019.

PRESENT

Ms. C. Fairchild  
Ms. R. Gilbert  
Ms. D. Haller

Mrs. R. Page CC  
Mr. T. J. Pendleton CC

28. Election of Chairman.

RESOLVED:

That Mrs. R. Page CC be elected Chairman of the Local Pension Board.

Mrs. R. Page in the Chair

28. Election of Vice Chairman.

RESOLVED:

That Ms. C. Fairchild be appointed Vice Chairman of the Local Pension Board.

29. Minutes.

The minutes of the meeting held on 16 September 2019 were taken as read, confirmed and signed.

Members noted that they would be notified once agenda papers relating to Local Pension Committee meetings were published. Members were encouraged to read the papers which would include a quarterly update on the Fund's Investment performance.

30. Question Time.

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

31. Urgent Items.

There were no items for consideration.

32. 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.

33. Pension Fund Administration Report - July to September 2019 Quarter.

The Board received a report from the Director of Corporate Resources concerning the administration of Fund benefits, including the performance of the Pension Section against its performance indicators. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

Arising from the discussion the following points were made:

- i) A concern remained over the potential impact of the McCloud ruling which could require a recalculation of all post 2014 final salary benefit . The area of employer risk and governance was a growing area of focus for the Pensions Section, and resource would be allocated accordingly.
- ii) There would be a continued effort to complete monthly-posting by 31 March 2021. The Board were pleased to note that following its last meeting all academies had now gone live, and that Leicester City Council and De Montfort University's move to monthly-posting was imminent.
- iii) Staffing resource was allocated according to prioritisation within the Pension Section. Pressures arising from year-end were expected to continue in future years due to the relatively tight deadlines, however the use of monthly-posting was expected to alleviate some of the burden by providing more regular up to date information.
- iv) Further officer resource would become available to work on priority areas of Fund administration following the County Council's decision to no longer administer the Firefighters Pension Scheme for three Fire Authorities, Leicestershire, Derbyshire and Nottinghamshire.
- v) The Board were informed that 490 members of the Fund had not received an annual pensions statement due to an employer not providing the full data in time. This was not considered a material breach as the Fund members had received their annual statements in previous years. Since the report had been written the majority of data had been received and annual statements issued.
- vi) 40,000 Fund members had not engaged with the new member self-service system. The Board was assured that there was no impact on an individual not looking at the online information but the system was a useful tool for members of the Fund to manage their pension online. Members with taxation issues would receive a separate statement, which were all posted to home addresses and had met the 6<sup>th</sup> October 2019 deadline.

RESOLVED:

That the report be noted.

34. Pension Fund Valuation.

The Board considered a report of the Director of Corporate Resources concerning the Pension Fund's Valuation and consultation undertaken with the Fund's employers concerning the Funding Strategy Statement. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

Arising from the discussion, the following points were noted:-

- i) Across all employers uncontrolled expenditure was a liability to the Fund. The Fund, along with the Actuary, set its valuation assumption for each employer based on an expecting level of pay rise. Where employers raised wages higher than expected it would likely increase the employers liabilities and employer rate. These factors were reflected in the risk review.
- ii) The Pensions of those employed by Academies would be protected by the Department for Education (DfE) should it face financial difficulties. It was noted that the Fund's membership was only open for school support staff, as part of the Local Government Pension Scheme, and not teachers or headteachers who would be part of a different pension scheme.
- iii) It was clear that the area around Fund governance was becoming an increasing focus nationally however any changes resulting from an expected review by the Scheme Advisory Board would take time to implement.

RESOLVED:

That the report be noted.

### 35. Investment Strategy Statement Update.

The Board considered a report of the Director of Corporate Resources which sought its views on the updated draft Investment Strategy Statement.. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

The Director reported that the Fund's Investments were split into various asset classes and managed in a variety of ways. Some investment, such as its infrastructure assets, were managed internally with the support of the Fund's Actuary. LGPS Central provided an advisory mandate for several investments whilst the Fund had also invested into two LGPS Central managed equity Fund. The Fund also employed Legal and General to manage its passive Investments.

The diversified portfolio ensured that the Fund was protected against individual poor performance.

RESOLVED:

That the Board support the updated draft Investment Strategy Statement.

### 36. The Pensions Regulator 'Deep Dive' Findings.

The Committee considered a report of the Director of Corporate Resources on the Pension Regulator's findings following the "deep dive" into the administration of ten Local Government Pension Funds. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

The Director said that despite the Leicestershire Fund having not been one of the 10 funds reviews by the pensions regulator, the findings had been considered carefully and a number of areas for improvement had been identified as follows. :-

- i) The Pensions Section would continue to work with employers to implement monthly posting, which helped improve the data as it was received more regularly and accurately.
- ii) The Fund had a detailed internal dispute resolution process (IDRP) and would begin working on developing a clear internal process to manage complaints before the IDRP stage.
- iii) Cyber Security had been added to the Pension Fund's risk register.
- iv) Leicestershire County Council's Internal Audit team would undertake separate audit work streams throughout 2020/21 on the nine key areas highlighted within the Regulator's findings.

RESOLVED:

That the report be noted.

37. Local Government Pension Scheme - Transfer of Pension Rights.

The Board considered a report of the Director of Corporate Resources concerning minor changes to the Leicestershire Local Government Pension Scheme acceptance of transfer values from certain external pension schemes. A copy of the report marked 'Agenda Item 11'.

RESOLVED:

That the report be noted.

38. Risk Management and Internal Controls.

The Board considered a report of the Director of Corporate Resources, the purpose of which was to detail any concerns relating to the risk management and internal controls of the Fund. A copy of the report is filed with these minutes, marked 'Agenda Item 12'.

The Board noted, as had previously been discussed, that the County Council had decided to terminate the contract with the three fire authorities pension schemes it serviced. Members were assured that whilst the decision would result in an initial administrative cost to the County Council there would not be a specific cost to transfer of assets as the fire scheme was un-funded.

RESOLVED:

That the Board note the revised risk register of the Pension Fund.

39. Date of Next Meeting.

It was agreed that future meetings of the Local Pension Board would be moved to align with Local Pension Committee meetings.

It was agreed that the next meeting of the Board would be held on Monday 3 February 2020.

Times Not Specified  
02 December 2019

CHAIRMAN

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