



Minutes of a meeting of the Local Pension Board held on Microsoft Teams on Wednesday, 17 April 2024.

PRESENT

Mrs. R. Page CC (in the Chair)

Mrs. R. Gilbert
Mr. M. Saroya

Mr. A. Cross
Mr. R. Shepherd CC
Mr. A. Stewart

39. Minutes.

The minutes of the meeting held on 7 February 2024 were taken as read, confirmed and signed.

40. Question Time.

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

41. Urgent Items.

There were no items for consideration.

42. Declarations of interest in respect of items on the agenda.

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.

43. LGPS Central Update.

The Board considered a report of the Director of Corporate Resources which provided information with respect to LGPS Central on the following:

- The recent Joint Committee's meetings held in July 2023 and February 2024;
- Outcome from the AGM held in September 2023 and CEO appointment;
- The Fund's pooling progress with respect to investing in LGPS Central investment products;
- The Fund's listed equity exposure to the United Kingdom.

A copy of the report marked 'Agenda Item 5' is filed with these minutes.

A Member questioned if, being overweight in the UK, though in keeping with government requests and guidance, it was to the detriment of the Pension Fund's value. The Director of Corporate Resources explained that advice was received each year from the Investment Advisor. UK exposure had been higher going back three or four years, but had since been trimmed. A listed equity review had been undertaken by Hymans Robertson (the Fund's Investment advisor) in 2023, and the Fund's UK equity exposure was at a position proposed by Hymans and agreed by the Local Pension Committee. A Member stated that guidance should not push the Fund one way or the other, Committee members fiduciary duty was to produce the best risk adjusted returns for pensioners and Fund members.

RESOLVED:

That the LGPS Central update report be noted.

44. Pension Fund Administration Report January to March 2024 - Quarter Four.

The Board considered a report of the Director of Corporate Resources which provided information on the main administrative actions in the fourth quarter period from January to March 2024. The report also covered governance areas including administration of Fund benefits and the performance of the Pensions Section against its performance indicators. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

Arising from discussion, the following points were made:

- i. Work around McCloud appeared to be escalating rather than abating, which was of concern. The Director of Corporate Resources explained that the system was working reasonably well, though it was still an area that was complicated with regards to assessing cases and added an extra layer on top of final salary benefits, and manual calculations were being undertaken. It was believed the situation would go on for some time, with work continuing on cases in terms of manually updating records, addressing retrospective cases. Though there were calculations for retirements and deferred benefits, deaths were seen initially by system providers as an area that would not see many cases. However, this had proved not to be the case, and additional work had been required, taking longer than expected. Thought was being given to the provision of additional support.
- ii. Members noted the budget for 2024/25 had scoped in a contingency for McCloud if required. Officers felt that permanent additional support was not currently necessary. A report would go to the Local Pension Committee with the recommendation for temporary resource, and a decision made on where best to use that resource.
- iii. Members asked if there was a risk that challenges could be made against manual calculations that were wrong in years to come, and what was being built into the system to prevent this. The Director reported that the way answers were arrived at were all recorded and any challenge made could be assessed. In general, the difference the McCloud remedy made to benefits was very small, and so did not have a high financial impact.
- iv. Members noted that some members would not get their full annual pensions increase in April 2024 due to some issues with the Heywood system. Heywood were working on a solution that would be implemented as soon as possible. The

issue impacted around 750 people who would not get the minor increase applied for the first seven days of the month, equating to approximately £5. Members were further informed that the pension increase exercise took place annually, and was implemented to all pensions on the first Monday following 6 April, based on CPI (consumer price inflation) in September prior, which was 6.7% for the current year. Members in receipt of a pension for less than 12 months would receive a pro rate increase.

- v. Scheme Members who had retired in the final 12 months were also entitled to the slight increase on the value of their care pension that took effect from the 1 April 2014, which was also revalued each year. If a person retired part way through the year, the care element was not revalued until the pensions increase exercise, and needed to be manually calculated from 1 to 7 April. Increases due would be paid in arrears on 30 April.
- vi. A Member questioned if, whilst working on priority areas, there was an impact on lesser priorities. The Director said there were competing pressures, with McCloud becoming business as usual impacting on all areas, whilst being mindful of valuation, aggregations and preserved benefits work. The position was being monitored very closely, and recruitment was underway for new apprenticeships to help with general workload.
- vii. Members heard that, in terms of the growing backlog, customer feedback and complaints had been stable, with the number of complaints being received low in number. This was due in part to the areas of backlog not having an immediate impact on members, such as preserved benefits and aggregations.
- viii. Members were informed that regular contact was made with other East Midlands authorities to share best practice across shared issues.

RESOLVED:

- a) That the report on pension administration for the period January to March 2024 be noted.
 - b) That the comments now made by the Board with regard to the McCloud remedy being enacted be forwarded to the Local Pension Committee for consideration at its meeting on 19 June 2024.
45. Internal Audit Arrangements Including Internal Audit Work Conducted During 2023-24 and the Internal Audit Plan 2024-25.

The Board considered a report of the Director of Corporate Resources which provided information on the internal audit arrangements for the Leicestershire County Council Pension Fund (the Fund) and LGPS Central, and summarised the outcomes of audits conducted during 2023 to 2024 and outlined the internal audit plan for 2024-2025. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

Arising from discussion, the following points were made:

- i. Appendix 2 showed how the audits amongst the eight partners of the LGPS were divided and allocated.

- ii. A Member questioned the 12 days allocated against the Investment Audit 'to be confirmed' in Appendix 3. It was noted a review on where the risks lay for that audit would be done, following which dates would be confirmed with officers. More information would be included when the audit was agreed.

RESOLVED:

That the report be noted.

46. Risk Management and Internal Controls.

The Board considered a report of the Director of Corporate Resources which provided information 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 8' is filed with these minutes.

RESOLVED:

That the report be noted.

47. Training Policy Review.

The Board considered a report of the Director of Corporate Resources which sought the views of the Board on the draft Training Policy in advance of it being presented to the Local Pension Committee for approval, and to ask the Board to note the Training Plan for 2024. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

Arising from discussion, the following points were made:

- i. Members asked if the training sessions would be delivered using a hybrid model. The Director reported that the sessions would be held in person, to avoid technical difficulties that had been experienced following the Board meeting in February 2024. It was recognised that the training sessions that had been arranged, some for three hours, would cover a number of modules in one session. Members were reminded that the modules could still be undertaken online at the convenience of Members.
- ii. A Member noted that undertaking the Hymans training in person would enable members to localise the training to Leicestershire, and also provided the opportunity to ask questions of others in person.
- iii. The Chairman asked if consideration could be given to the term of the Chairmanship being brought in line with the Annual Meeting of Council. Members noted the Terms of Reference for the Board were in the process of being amended and that consideration would be given to this as part of that process.
- iv. Members suggested that increased awareness regarding the level of training for members of the Board and Local Pension Committee was needed and suggested that some wording making clear what would be required prior to them taking up their position either on the Board or the Committee should be provided.

RESOLVED:

- a) That the Training Policy Review report be noted.
- b) That wording for future employer and employee representatives on the Pension Board and Local Pension Committee on the expected number of hours of training that will need to be undertaken be developed.

48. Date of Next Meeting

RESOLVED:

That the next meeting be held on 31 July 2024, at 10.00am.

10.00am to 11.23am
17 April 2024

CHAIRMAN

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