



Minutes of a meeting of the Local Pension Board held virtually on Teams on Wednesday, 5 February 2025.

PRESENT

Mrs. R. Page CC (in the Chair)

Mr. A. Cross
Mrs. R. Gilbert

Mr. M. Saroya
Mr. R. J. Shepherd CC

In Attendance

Mr. A. Stewart

19. Minutes.

The minutes of the meeting held on 16 October 2024 were taken as read, confirmed and signed.

20. Question Time.

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

21. Urgent items.

There were no urgent items for consideration.

22. 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.

Mr. Shepherd declared a non-registrable interest in Agenda Item 6 (Pension Fund Administration Report October to December 2024 – Quarter Three) as he was a Member of the Teacher Pension Scheme.

23. Local Pension Board Terms of Reference.

The Board considered a report of the Director of Corporate Resources which sought approval of revised Terms of Reference (ToR) for the Local Pension Board. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

Arising from the discussion, the following points were made:

- i. Members asked that, due to the large number of reports on the agenda to be considered, that paragraph 9.1 in the ToR be amended to read 'The Board shall meet

up to five times a year', thus allowing for an additional meeting, such change to commence in 2026, as dates for 2025 had already been set.

- ii. It was explained that the agenda for the current meeting was unusually heavy with reports brought forward in order to avoid the upcoming election period. It was also noted that contained in the ToR was the option of calling urgent meetings by the Chairman should the need arise.
- iii. In response to a query, it was noted that the ToR included, under meeting procedures, the ability to hold meetings in person as and when required. Members agreed that, without formalising it in the ToR, one in-person meeting be held each year followed by training for Board members.

RESOLVED:

- a) That the revised Local Pension Board Terms of Reference be approved.
- b) That paragraph 9.1 be amended to read 'The Board shall meet up to five times a year', with the change to commence from 2026.

24. Pension Fund Administration Report October to December 2024 - Quarter Three.

The Board considered a report of the Director of Corporate Resources, which provided information on the main administrative actions in the third quarter period from October to December 2024 for comment. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

Arising from discussion, the following points were made:

- i. Since the writing of the report, nine new admission agreements had been received, including one from a county-maintained school, one from a city-maintained school, and seven from academies, which when added to the current three cases meant that resources had been refocussed to resolve these cases before the 2024-25 financial year end.
- ii. A Member queried if the update of 2.5FTEs (full time equivalents) in the team moving forward would be sufficient to improve capacity to improve KPIs around the notification of members in terms of their retirements. It was explained that the additional staff members would have a significant impact on work levels, as recruitment had been pitched at a level higher than pension assistant to cover more detailed work, such as, transfers, death and divorce. Furthermore, a significant amount of training for newer team members had been delivered to bring them up to speed.
- iii. It was noted that the Improvement Team had developed elements of robustness and resistance when looking towards the future, with particular reference to IT and cyber security was an area of risk and was continuously monitored.

RESOLVED:

That the Pension Fund Administration Report October to December be noted, and comments submitted to the Local Pension Committee on 14 March 2025.

25. Pension Fund - Business Plan and Budget 2025/26.

The Board considered a report of the Director of Corporate Resources, which provided information on the Pension Fund's Administration and Investment Business Plan and Pension Fund Budget and Training Plan for 2025/26. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

In response to a Member's query, it was explained that references to Investment Management Expenses, as outlined in the table at paragraph eight in the report, were fees paid to investment managers for dealing with the Fund's assets.

RESOLVED:

That the Administration and Investment Business Plans, Pension Fund Budget, and Training Plan for 2025/26 be noted.

26. Pension Fund Policy Report.

The Board considered a report of the Director of Corporate Resources, which presented the annual update of the Pension Fund's current strategies and policies and covered new policies that had been introduced or amendments that had been made. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

Members questioned, with regards to managing risks, how the Fund positioned itself with current world trade issues and how investments would be affected. Officers explained that a report had been considered by the Local Pension Committee at its meeting in January at which it approved the Strategic Asset Allocation proposed to address this. The Board noted that given the Fund invested for the long-term, challenges always arose from time to time, such as investing in China, or Russian exposure. Such risks were similar in nature in the sense that they proposed investment downside risks and so were managed accordingly. Reassurance was given that the Fund had a very diversified portfolio, could withstand most shocks, and was not exposed to any one geography or sector.

RESOLVED:

That the Pension Fund Policy Report be noted, and comments submitted to the Local Pension Committee on 14 March 2025.

27. Record Keeping - Data Improvement.

The Board considered a report of the Director of Corporate Resources which provided information on plans to maintain and improve the quality of pensions data held during 2025/26. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

In response to a Member's query on monthly mortality screening, it was explained that it was not a statutory requirement but that it was considered prudent to undertake the checks to minimise overpayment of pensions to deceased persons. A contract had been held with a mortality screening provider, and checks were undertaken every month. In addition to the monthly screening, whilst the National Fraud Initiative (NFI) exercise took place every two years, the Fund paid to receive reports from the NFI every six months. In

the event of an overpayment of pension, steps would be taken to recover that overpayment.

RESOLVED:

That the Record Keeping – Data Improvement report be noted.

28. Fit for the Future Consultation Response.

The Board considered a report of the Director of Corporate Resources which outlined the Fund's appended response to the consultation paper issued by the Ministry of Housing, Communities and Local Government titled "Local Government Pension Scheme (LGPS): Fit for the Future". A copy of the report marked 'Agenda Item 10' is filed with these minutes.

Arising from discussion, the following points were made:

- i. In response to a Member's question, it was noted that the Government had not yet set out any proposals for transition, but had stated its expectations that all administering authorities should pool all listed assets by March 2026, which was considered to be an ambitious timescale.
- ii. Contained in the Fund's response was concern over the cost of transferring legacy assets if it needed to be done in a quick way, which might not be the most cost effective. Also, concern over the loss of control, but with continued accountability over investments had been highlighted. The request for fiduciary duty to be extended had been made, so that the pool had the same level of accountability.
- iii. Members queried, whilst focussing on the Fund's main objective of having enough money to pay members' pensions, what the benefits and disbenefits of pooling were. Officers explained that investment management costs made up 80% of the budget and that there were economies of scale from greater pooling, with management costs reduced over time as investments were made. In addition, focus would be just on LGPS Central, as they would monitor the underlying managers, and reduce the governance burden.
- iv. It was noted that the Fund would have less flexibility to make decisions on where to invest which would be a disbenefit, as would the pool not having the required suitable investments.

RESOLVED:

That the Local Government Pension Scheme (LGPS): Fit for the Future Fit for the Future consultation response be noted.

29. Net Zero Climate Strategy Progress Update.

The Board considered a report of the Director of Corporate Resources which provided an update on the latest Climate Risk Management Report for the Leicestershire County Council Pension Fund and activities of the Fund since approval of the Net Zero Climate Strategy (NZCS). A copy of the report marked 'Agenda Item 11' is filed with these minutes.

Arising from discussion, the following points were made:

- i. A Member questioned if, when moving into a pooling situation, the move towards net zero would be considered individually by the Fund, or if it would be considered as a total pool agenda. Officers confirmed that responsible investment (RI) would still sit with the Fund. There would be some balance required if the Fund were to make specific targets which were misaligned with the Pool, which would be difficult for the Pool to implement. There was, however, benefit in that LGPS Central were aligned with a Net Zero target by 2050.
- ii. The NZCS would be reviewed over 2025/26, and LGPS Central would be included in discussions to ensure realistic targets were set which LGPS Central could help the Fund achieve.

RESOLVED:

That the Net Zero Climate Strategy Progress Update report be noted.

30. Pension Fund Training Needs Self Assessment.

The Board considered a report of the Director of Corporate Resources, which provided an update on Training Needs Self Assessments undertaken by Members and set out progress against the Fund's Training Policy and 2024 Training Plan. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

RESOLVED:

- a) That the Pension Fund Training Needs Self Assessment report be noted.
- b) That all members should complete the training needs assessment if not yet completed by 5 February 2025.
- c) That Members not in current compliance with the Training Policy should commit to progressing completion of Hyman's Aspire modules, noting that a record would be taken as at 31 March 2025 for the Fund's annual report.

31. Risk Management and Internal Controls.

The Board considered a report of the Director of Corporate Resources which provided information on 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 13' is filed with these minutes.

RESOLVED:

That the report on Risk Management and Internal Controls be noted.

32. Date of next meeting.

RESOLVED:

That the next meeting be held on 25 June 2025, at 10.00am.

10.00am to 11.44am
05 February 2025

CHAIRMAN