

**Minutes of a meeting of the Local Pension Committee held at County Hall,
Glenfield on Friday, 15 February 2019.**

PRESENT:

Leicestershire County Council

Mr. P. C. Osborne CC (Chairman)	Dr. S. Hill CC
Mr. T. Barkley CC	Mr. Max Hunt CC
Mrs. H. J. Fryer CC	

Leicester City Council

Cllr Dr Lynn Moore

District Council Representative

Cllr Chris Frost

Staff Representatives

Mr. N. Booth
Ms. J. Dean

Independent Advisers and Managers

Clare Scott Independent Investment Advisor

240. Minutes.

The minutes of the meeting held on 25 January 2019 were taken as read, confirmed and signed.

241. Question Time.

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

242. Questions asked by members.

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

243. Urgent Items.

There were no urgent items for consideration.

244. 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.

245. Protecting Shareholder Value - The Role of the Local Authority Pension Fund Forum.

The Committee considered a presentation produced by the Local Authority Pension Fund Forum (LAPFF) which detailed the Forum's role in supporting Local Government Pension Fund's shareholdings by way of shareholder engagement, taking action on corporate governance issues and by seeking to promote the highest standards of corporate social responsibility at the companies in which LAPFF members invest. A copy of the presentation is filed with these minutes

Members recognised that by representing multiple funds, the LAPFF had more influence than individual funds when encouraging companies to address potential operation and governance concerns.

RESOLVED:

That the presentation be noted.

246. Summary Valuation of Pension Fund Investments and 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 as at 31 December 2018. A copy of the report is filed with these minutes, marked '7'.

The Director reported that the funding level of the fund had fallen from 82% to 77% due to the fall in asset values and an increase in liabilities; however, the funding level was broadly in line with expectations.

Members noted that Aspect Capital's performance had fallen significantly over the past three years. The Investment Subcommittee would be asked to consider its Targeted Return allocation and the potential of a sub fund offering in the asset class by LGPS Central at a future meeting.

RESOLVED

That the report and that the Hymans Funding Update be provided to the Committee twice per year be noted.

247. Draft Funding Strategy Statement.

The Committee considered a report of the Director of Corporate Resources which sought approval for a revised Funding Strategy Statement. A copy of the report marked '8' is filed with these minutes.

The Director reported that the document had been revised to incorporate pass-through arrangements for new admission bodies and changes to the way in which data was used when assessing Academy employer rates.

It was noted that as part of the 2019 valuation exercise, it was anticipated that member benefits would be linked to the annual consumer price index (CPI) level of inflation rather than the current Retail Price Index (RPI).

RESOLVED

That the Funding Strategy Statement be approved.

248. Ministry for Housing, Communities and Local Government (MHCLG) Consultation - Asset Pooling

The Committee considered a report of the Director of Corporate Resources which provided an update on the impact of the Ministry for Housing, Communities and Local Government consultation concerning the draft statutory guidance on asset pooling. A copy of the report marked '9' is filed with these minutes.

The Director reported that whilst the Fund was broadly in line with the MHCLG guidance, the ability for the Fund to direct all its new investments through the pool by 2020 as per the expected requirements could only be achieved if LGPS Central had the appropriate sub fund products available. Whilst it was noted that the pool had been slow to establish its initial sub funds since its inception in 2017, it was expected that process would improve moving forward.

RESOLVED:

That the report be noted.

249. LGPS Central Pooling Update.

The Committee considered a report of the Director of Corporate Resources updating the Committee on progress towards pooling of the Pension Fund assets into LGPS Central. A copy of the report marked '10' is filed with these minutes.

Members noted that further information on LGPS Central sub-funds of which the Fund could invest in would be brought to the Committee and Investment Subcommittee once they had been established by LGPS Central.

The Chairman updated the Committee on the LGPS Central Shareholders Forum and reported that the Pool were in the process of appointing a new Chief Executive.

RESOLVED:

That the report be noted.

250. Risk Management and Internal Controls.

The Director of Corporate Resources presented a report which detailed the requirement of the Committee to consider identified risks/concerns associated with the Leicestershire Pension Fund, a stipulation set out within the Pension Regulator's Code of Practice. A copy of the report is filed with these minutes, marked '11'.

The Director reported that since the Committee's last meeting no additional risks had been identified. Members noted the Fund's ongoing work to develop an assurance framework for LGPS Central.

RESOLVED:

- a) That the revised risk register of the Pension Fund be approved.
- b) That the work being done to develop an assurance framework for LGPS Central be noted.

251. Market Report - For Information

The Committee received a report considering global market conditions from the Fund's Independent Investment Advisor Kames Capital. A copy of this report marked '12' is filed with these minutes.

RESOLVED:

That the report be noted.

252. Investment Subcommittee Meeting Dates.

The Committee received a report from the Director of Corporate Resources on the Investment Subcommittee Meeting dates for 2019. A copy of the report marked '13', a copy of the report is filed with these minutes.

RESOLVED:

That the report be noted.

253. 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 involved the likely disclosure of exempt information as defined in paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Act.

254. Kempen Capital Management Quarterly Report

The Committee considered an exempt report by Kempen, 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.

255. Pictet Quarterly Report

The Committee considered an exempt report by Pictet, 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.

256. Ruffer Quarterly Report

The Committee considered an exempt report by Ruffer, 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.

257. IFM Investors Quarterly Report

The Committee considered an exempt report by Delaware Investments, 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.

258. JP Morgan Quarterly Report

The Committee considered an exempt report by JP Morgan, 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.

259. Kleinwort Quarterly Report

The Committee considered an exempt report by Kleinwort Benson, 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.

260. Delaware Investments Quarterly Report

The Committee considered an exempt report by Delaware Investments, 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.

261. Kames Capital Quarterly Report

The Committee considered an exempt report by Kames Capital, 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.

262. Millennium Global Quarterly Report

The Committee considered an exempt report by Millennium, 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.

263. Ashmore Quarterly Report

The Committee considered an exempt report by Ashmore, 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.

264. 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.

265. Stafford Timberland Quarterly Report

The Committee considered an exempt report by Stafford Timberland, 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.

266. Aspect Capital Quarterly Report

The Committee considered an exempt report by Aspect 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.

267. LaSalle (Formerly Aviva) - Quarterly Report.

The Committee considered an exempt report by LaSalle (formerly Aviva Investors), a copy of which marked '29' 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.

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15 February 2019

CHAIRMAN