

Minutes of the Pensions Committee

County Hall, Worcester

Wednesday, 2 February 2022, 10.00 am

Present:

Cllr Elizabeth Eyre (Chairman), Jane Evans, Shane Flynn, Cllr Karen Hanks, Cllr Adrian Hardman and Cllr Trish Marsh

Also attended:

Cllr Paul Harrison and Andrew Lovegrove (Pension Board member observers)

Available papers

The members had before them:

- A. The Agenda papers (previously circulated); and
- B. The Minutes of the meeting held on 8 December 2021 (previously circulated).

352 Apologies/Named Substitutes (Agenda item 1)

Apologies were received from Cllr Luke Mallett, Cllr Scott Richardson Brown and Cllr Roger Phillips (Chairman of the Pension Board).

353 Declarations of Interest (Agenda item 2)

None.

354 Public Participation (Agenda item 3)

None.

355 Confirmation of Minutes (Agenda item 4)

RESOLVED that the Minutes of the meeting held on 8 December 2021 be confirmed as a correct record and signed by the Chairman.

356 Exclusion of Public and Press (Agenda item 5)

Pensions Committee Wednesday, 2 February 2022
Date of Issue: 08 February 2022

RESOLVED that pursuant to Section 100A of the Local Government Act 1972, the press and public shall be excluded from the meeting during item 15 on the grounds that there would be disclosure to them of information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

Summary of the proceedings of the meeting during which the press and public were excluded. (This is a fair summary of the proceedings and there are no exempt minutes.)

**357 Local Government Pension Scheme Central (LGPSC)
Budget and Strategic Business Plan 2022/23 (Agenda item
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The Committee considered the Local Government Pension Scheme Central (LGPSC) Budget and Strategic Business Plan 2022/23.

In the ensuing debate, the following points were raised:

- In response to a query, Rob Wilson Finance Manager – Pensions and Treasury Management, Finance undertook to provide an update on the existing risk register maintained by LGPSC and whether it considered long term investment performance and what the risk rating was within the Business Plan update
- There was no reference in the budget and business plan to wider risks. Rob Wilson responded that the budget and business plan were in draft form at this stage and this wider information would be included in the final report for consideration at the LGPSC Stakeholders meeting
- A member of the Committee requested that, following the decision by Herefordshire Council to set a zero-carbon emissions target by 2020, the Fund's Shareholder representative might wish to encourage LGPSC to adopt a similar target. The Fund's Shareholder representative responded that whatever approach that LGPSC took in relation to carbon emissions targets had no bearing on its budget
- The impact of the base budget on the projected profit/loss accounts should be recognised. The fact that a small profit was being projected and that retained costs were being reduced was welcomed. Partner funds needed to be aware of how any such profits were utilised. It was also queried whether partner funds provided sufficient challenge to the LGPSC budgetary process. Partner funds needed to establish whether the pool was over-budgeting for its needs and how generous the proposed levels of executive and non-executive staff pay rises would be
- Rob Wilson commented that partner funds had and would continue to challenge the level of projected profits generated by the pool. The pool had been encouraged to minimise profits, build in efficiencies and get the budgetary process onto a steadier footing. The outcome of salary negotiations was awaited but partner funds were using benchmark information to assess the levels of pay rises for staff at all levels. In

particular, partner funds had challenged the role of non-executive directors within the pool

- In response to a query about the reference in the budget and business plan to LGPSC operating on a 'business as usual' footing, Philip Hebson, the independent advisor to the Fund commented that there were different ways of interpreting what the term meant but it was difficult to back up such a claim until the pool had reached the break-even point
- Philip Hebson raised the issue of staff recruitment and retention at LGPSC. He considered that the quality of staff employed by the pool had improved since the original set-up. However, the challenge for the pool (and other pools in the country) would be the retention of these members of staff and the ability to recruit additional quality staff members. This aspect and the ability to drive forward operational efficiencies were key performance targets for the pool moving forward.

RESOLVED: that

- a) the LGPSC Budget and Strategic Business Plan for 2022/23 update be noted; and**
- b) the Committee felt that if LGPSC were able to provide evidence of improved performance efficiencies then WPF would be more comfortable with the proposed increase in its budget. The Fund's Shareholder representative be asked to take this view to the next Shareholder's Forum Meeting on 22 February 2022.**

The meeting ended at 10.35am.

Chairman