

# Agenda

## Pensions Committee

**Wednesday, 31 January 2024, 10.00 am**  
**Lakeview Room, County Hall, Worcester**

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## DISCLOSING INTERESTS

There are now 2 types of interests:  
**'Disclosable pecuniary interests'** and **'other disclosable interests'**

### WHAT IS A 'DISCLOSABLE PECUNIARY INTEREST' (DPI)?

- Any **employment**, office, trade or vocation carried on for profit or gain
- **Sponsorship** by a 3<sup>rd</sup> party of your member or election expenses
- Any **contract** for goods, services or works between the Council and you, a firm where you are a partner/director, or company in which you hold shares
- Interests in **land** in Worcestershire (including licence to occupy for a month or longer)
- **Shares** etc (with either a total nominal value above £25,000 or 1% of the total issued share capital) in companies with a place of business or land in Worcestershire.

**NB Your DPIs include the interests of your spouse/partner as well as you**

### WHAT MUST I DO WITH A DPI?

- **Register** it within 28 days and
- **Declare** it where you have a DPI in a matter at a particular meeting
  - you must **not participate** and you **must withdraw**.

**NB It is a criminal offence to participate in matters in which you have a DPI**

### WHAT ABOUT 'OTHER DISCLOSABLE INTERESTS'?

- No need to register them but
- You must **declare** them at a particular meeting where:
  - You/your family/person or body with whom you are associated have a **pecuniary interest** in or **close connection** with the matter under discussion.

### WHAT ABOUT MEMBERSHIP OF ANOTHER AUTHORITY OR PUBLIC BODY?

You will not normally even need to declare this as an interest. The only exception is where the conflict of interest is so significant it is seen as likely to prejudice your judgement of the public interest.

### DO I HAVE TO WITHDRAW IF I HAVE A DISCLOSABLE INTEREST WHICH ISN'T A DPI?

Not normally. You must withdraw only if it:

- affects your **pecuniary interests** **OR** relates to a **planning or regulatory** matter
- **AND** it is seen as likely to **prejudice your judgement** of the public interest.

### DON'T FORGET

- If you have a disclosable interest at a meeting you must **disclose both its existence and nature** – 'as noted/recorded' is insufficient
- **Declarations must relate to specific business** on the agenda
  - General scattergun declarations are not needed and achieve little
- Breaches of most of the **DPI provisions** are now **criminal offences** which may be referred to the police which can on conviction by a court lead to fines up to £5,000 and disqualification up to 5 years
- Formal **dispensation** in respect of interests can be sought in appropriate cases.

**Pensions Committee**  
**Wednesday, 31 January 2024, 10.00 am, Lakeview Room,**  
**County Hall, Worcester**

**Membership:** Cllr Elizabeth Eyre (Chairman),  
Cllr Adrian Hardman, Cllr Karen Hanks,  
Cllr Luke Mallett and Cllr Scott Richardson Brown

**Coopted Members**

Shane Flynn	Employer side
Cllr Peter Stoddart	Herefordshire Council
Vacancy	Employee Representative

**Agenda**

Item No	Subject	Page No
1	<b>Apologies/Named Substitutes</b>	
2	<b>Declarations of Interest</b>	
3	<b>Public Participation</b> <i>Members of the public wishing to take part should notify the Assistant Director for Legal and Governance in writing or by e-mail indicating the nature and content of their proposed participation no later than 9.00am on the working day before the meeting (in this case, 30 January 2024). Further details are available on the Council's website. Enquiries can be made through the telephone number/e-mail address listed in this agenda and on the website.</i>	
4	<b>Confirmation of Minutes</b> To confirm the Minutes of the meeting held on 13 December 2023 (previously circulated)	
5	<b>LGPS Central Update</b>	1 - 6
6	<b>Exclusion of Public and Press</b> The Committee will be asked to exclude the public and press from the meeting for Agenda item 7 as it is likely that exempt information relating to the financial or business affairs of any particular person (including the local authority holding that information) will be disclosed.	
7	<b>LGPS Central Budget and Strategic Business Plan 2024/25</b>	7 - 34

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To obtain further information or a copy of this agenda contact Simon Lewis, Committee Officer on 01905 846621, slewis@worcestershire.gov.uk

All the above reports and supporting information can be accessed via the Council's website

Date of Issue: Monday, 22 January 2024

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## **PENSION COMMITTEE**

### **31 JANUARY 2024**

## **LGPS CENTRAL LIMITED (LGPSC) UPDATE**

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### **Recommendation**

- 1. The Chief Financial Officer recommends the Pension Committee note the LGPSC Update.**

### **Background**

2. The government set out in 2014 its approach and reasoning (Opportunities for collaboration, cost savings and efficiencies) for asset pooling, with responsibility for asset allocation staying with the 90 administering authorities. Worcestershire Pension Fund in collaboration with eight other local authorities (Cheshire, Leicestershire, Shropshire, Staffordshire, West Midlands, Derbyshire, Nottinghamshire, and West Midlands Integrated Transport Authority) set up a collective investment vehicle called LGPSC that was authorised to operate as an alternative investment fund manager (AIFM) and became formally operational from the 1 April 2018.

3. Since the initial transition of emerging market mandates into LGPSC's Emerging Market Fund in July 2019, the Fund continued to make investments within the pool at a steady pace and now has approximately 26% of its investment portfolio managed by LGPSC. Those investments include:

- a) Active global equities across two global sustainable funds and one emerging markets fund;
- b) Passive equities within a climate factor fund;
- c) A fixed income corporate bond fund; and
- d) A single asset infrastructure investment fund, managed by JP Morgan.

### **LGPS meetings**

4. The next Shareholder Forum and Joint Committee meeting is scheduled to take place in Leicestershire on 2 February 2024. It is expected that shareholders will be asked to approve the company's strategic business plan and budget at that meeting.

### **RI&E framework**

5. Work on enhancing the climate risk monitoring service continues. Meetings have been held with partner funds to discuss the latest iteration of the Climate Risk Report, with a focus on the metrics that LGPSC intends to report. The new report incorporates the newly procured ESG dataset from MSCI. Further enhancements to the climate risk monitoring service are planned ahead of the introduction of mandatory Task Force on Climate-Related Financial Disclosures (TCFD) reporting in 2024 and the progression of Task Force on Nature-Related Financial Disclosures (TNFD) reporting. It is expected that LGPSC will present the new report to members at Pension Committee on 31 January 2024.

## **Staffing**

6. LGPSC continue to monitor staff turnover, which is likely to go on being a feature of the investments sector, but the economic environment may provide an opportunity to recruit from asset managers who are downsizing. LGPSC are currently recruiting for the following positions:

- a) Chief Executive Officer
- b) Fund Accountant
- c) Tax Accountant
- d) Risk Analyst
- e) Private Debt Investment Analysts

7. The first phase of the CEO recruitment exercise has now been completed. The process has been delayed beyond the initial end of 2023 expectation. It is now expected that partner funds will be advised of the appointment during January 2014 with shareholder representatives being given the opportunity to meet the new hire.

### ***LGPSC strategic business plan and budget for 2024-25***

8. Discussions have begun on the LGPSC Strategic Business Plan and Budget for 2024-25 which is due to be approved at the company meeting in February 2024. A paper highlighting the company's proposals is to be presented at Pensions Committee on 31 January 2024.

### ***Practitioner Advisory Forum (PAF) Working Groups***

9. PAF has a number of workstreams which meet regularly and aim to work closely with LGPSC to ensure that all the partner funds' requirements are met. These are:

- Governance Working Group (meeting monthly and chaired by Worcestershire)
- Investment Working Group (IWG) (meeting monthly)
- Responsible Investment Working Group (Now part of IWG and discussed quarterly)
- Finance Working Group (meeting as and when required)

10. Recent PAF focus has been on reviews of the following:

- a) Previously agreed Chair and Vice-Chair rotation. The previously agreed assignments have been amended. Fund officer commitments are as follows:
  - i. November 2023-February 2024: PAF Vice Chair
  - ii. March 2024-September 2024: PAF Chair
  - iii. October 2024-September 2025: Governance Working Group Chair.
  - iv. December 2024-November 2025: Joint Committee Vice Chair.
  - v. September 2025-August 2026: Shareholder Forum Vice Chair.
  - vi. December 2025-November 2026: Joint Committee Chair.
- b) PAF Terms of Reference
- c) Cost sharing arrangement principles:
  - i. Costs should be attributed to products and services wherever possible.
  - ii. Partner funds should generally pay for what they use, recognising that there will be a cost attached to having a platform of products/services available to all partner funds.

- iii. The allocation of costs should be as transparent as possible for stakeholders.
- iv. There is a need to define a % above approved budget spend amounts where explanations are required.

### ***Investment Working Group***

11. The December IWG agenda has focussed on the following:

- a) Investment case for the buy and maintain sterling fund;
- b) Update on next steps for Investment Grade Credit Fund;
- c) Update on manager selection for Global Equity Active Multi Manager Fund

**12. Please note that the Appendix contains exempt information (on salmon pages) and should members wish to discuss the information included in this Appendix they would need to consider passing the appropriate resolution and moving into exempt session.**

### **Supporting Information**

Appendix (Exempt Information – Salmon pages) – Transition of existing assets and investment in LGPSC investment products

### **Contact Points**

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### **Background Papers**

In the opinion of the proper officer there are no background papers relating to the subject matter of this report.

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