

**LOCAL GOVERNMENT PENSION SCHEME LEICESTERSHIRE**

**Administered by**

**LEICESTERSHIRE COUNTY COUNCIL**

**Pension Fund Annual Report**

**Year ended 31<sup>st</sup> March 2020**

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The fund has a number of policy statements that are available on the links below. They have not been reproduced within the Annual report, as when taken in combination are sizeable and some have previously been seen by the Pensions Committee.

13. Statement of Accounts - <https://www.leicestershire.gov.uk/about-the-council/council-spending/accounts-and-payments>

14. Funding Strategy Statement - [https://leicsmss.pensiondetails.co.uk/documents/Funding\\_Strategy\\_Statement\\_September\\_2020.pdf?language\\_id=1](https://leicsmss.pensiondetails.co.uk/documents/Funding_Strategy_Statement_September_2020.pdf?language_id=1)

15. Statement of Investment Principles - [https://leicsmss.pensiondetails.co.uk/documents/Investment\\_Strategy\\_Statement\\_Feb\\_2020.pdf](https://leicsmss.pensiondetails.co.uk/documents/Investment_Strategy_Statement_Feb_2020.pdf)

16. Administration & Communication Strategy - <https://www.leicestershire.gov.uk/sites/default/files/field/pdf/2018/9/7/LCC-Pension-Fund-Admin-and-Comms-Strategy.pdf>

## 1. INTRODUCTION

Leicestershire County Council is the administering body for the Local Government Pension Scheme (LGPS) within Leicestershire and Rutland. Leicestershire County Council has a statutory obligation to administer a Pension Fund for eligible employees of all Local Authorities within the County boundary and also the employees of certain other scheduled and admitted bodies. The Fund does not cover teachers, police or fire-fighters as they have their own schemes.

This report has been produced in accordance with Section 57 of the Local Government Pension Regulations 2013. It sets out the way in which the Pension Fund is managed both in relation to the administration of benefits and to the investment of the Fund's assets.

The benefits within the scheme are determined by regulation and guaranteed by statute. The pension fund exists to help defray the cost of paying pension benefits. Contributions to the pension scheme are made by both employees and employers. Any new employee is automatically brought into the scheme unless they opt out.

$$\begin{array}{|c|} \hline \text{Employee} \\ \hline \text{Contributions} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Employer} \\ \hline \text{Contributions} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Investment} \\ \hline \text{Returns} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Pension} \\ \hline \text{Payments} \\ \hline \end{array}$$

The Fund's membership increased by approximately 2,500 during 2019/20 and at the year-end stood at just over 95,000. Active employees and Pensioners saw an increase in numbers while deferred pensioners saw a decrease in numbers.

## 2. SCHEME MANAGEMENT AND ADVISORS

The Local Pension Committee is responsible for the management of the Fund, and considers pensions matters with a view to safeguarding the interests of all Fund members. The Members who sit on the Committee act on behalf of the beneficiaries of the LGPS and in this way have a similar role to trustees in primarily protecting the benefits of the LGPS members, overseeing the direction of investments and monitoring liabilities. The Committee comprises of five County Council members, two from Leicester City Council, two members representing the District Councils, one representative of De Montfort/Loughborough Universities and three non-voting staff representatives. In order to ensure continuity, staff representatives, who are chosen at the Fund's Annual General Meeting, are appointed to the Committee for a three year period but arrangements have been made to ensure that at least one staff representative place becomes available each year. The Local Pension Committee sets the overall investment strategy for the Fund and will deal with all investment governance issues. The Committee meets quarterly and also has a separate annual meeting to consider strategic issues relevant to the Fund.

The Investment Subcommittee consists of six voting members (the Chair, Vice Chair, one other elected member of the County Council, the Universities representative and one member representing each of the City and District Councils, all of whom are members of the Local Pension Committee) and one non-voting staff representative. Its role is to consider action that is in-line with the strategic benchmark agreed by the Board and to take a pro-active approach to the Fund's investments, and also to deal with 'tactical' issues associated with implementing the strategy, such as investment manager appointments and the timing of asset allocation changes.

The Committee and Subcommittee receive investment advice from Hymans Robertson LLP and are supported by Independent Advisor, Clare Scott. Other consultants will also be utilised if there is felt to be an advantage to this.

The Local Pension Board was established by the Administering Authority under Regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended) and operates independently of the Local Pension Committee. The Board's role is to assist the County Council as the Administering Authority as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme. The Administering Authority retains ultimate responsibility for the administration and governance of the Scheme.

Membership of the Local Pension Board consists of six voting members. Three employee representatives elected in the same manner as those employee representatives on the Local Pension Committee, and three employer representatives comprising two elected members of Leicestershire County Council and one elected member from Leicester City Council.

There is a statutory requirement for the Fund to maintain a Governance Compliance Statement, and this is replicated in full in section 10.

At a national level the LGPS is governed by the Ministry of Housing Communities and Local government (MHCLG) and the LGPS Scheme Advisory Board (SAB). The LGPS also takes account of guidance issued by the Pensions Regulator and Pensions Ombudsman determinations.

The role of the Scheme Advisory Board is to help and support MHCLG and administering authorities fulfil their statutory duties and obligations. SAB aims to be both reactive and proactive. It will seek to encourage best practice, increase transparency and coordinate technical and standards issues.

## Scheme Management and Advisors

<b><u>Local Pension Committee</u></b>	
<u>Leicestershire County Council</u>	<u>Leicester City Council</u>
Mr. P. C. Osborne CC (Chairman)	Cllr. D. Bajaj
Mr. T. Barkley CC (Vice-Chairman)	Cllr. R. Govind
Mr. P. Bedford CC	
Dr. S. Hill CC	<u>District Council Representatives</u>
Mr. M. Hunt CC	Cllr. C. Frost
	Cllr. M. Graham MBE
<u>Employee Representatives</u>	<u>University Representative</u>
Mr. A. Wilson (from November 2019)	Mr. Z. Limbada
Mr. R. Bone (to November 2019)	
Mr. N. Booth	
Ms. J. Dean	
<b><u>Local Pension Board</u></b>	
<u>Employer Representatives</u>	<u>Employee Representatives</u>
Mr. R. Shepherd	Ms. C. Fairchild (Vice- Chair)
Mrs. R. Page CC (Chair)	Ms. D. Haller
Cllr. E. Pantling	Ms. D. Stobbs (to November 2019)
	Ms R. Gilbert (from November 2019)
<b><u>Officers responsible for the Fund</u></b>	
<u>Finance</u>	<u>Pensions Administration</u>
Chris Tambini - Director of Corporate Resources - Leicestershire County Council	Ian Howe - Pensions Manager - Leicestershire County Council
<b><u>Investment Managers</u></b>	
<b>Investments managed by LGPS central Pool</b>	
LGPS Central	
Global equities ( <i>Harris, Schroders &amp; Union</i> ),	
Emerging market equities multi-managers fund ( <i>BMO, UBS, Vantabel</i> ), LGPS Central PE Partnership 2018LP	
<b>Others:</b>	
Adams Street Partners	Aegon Asset management (formerly Kames Capital)
Ashmore	Kravis Kohlberg Roberts
Aspect Capital	Legal & General Investment Management
La Salle Investment Management	Macquarie Investments
Catapult Venture Managers	Partners Group
Colliers Capital UK	Permal (formerly Fauchier Partners)
Cristofferson, Robb & Company	Pictet Asset Management
Infrastructure Funds Management	M&G Investments
Internally Managed	Ruffer LLP
JP Morgan Asset Management	Stafford Capital Partners
	Standard Life Aberdeen
<b><u>Pooled investments</u></b>	
LGPS Central	
<b><u>Fund Custodian</u></b>	<b><u>Legal Advisor</u></b>
JPMorgan, Bournemouth	County Solicitor, Leicestershire County Council
<b><u>Independent Investment Advisor</u></b>	<b><u>Actuary and Investment Consultant</u></b>
Clare Scott	Hymans Robertson LLP, Glasgow
<b><u>Auditor</u></b>	<b><u>AVC Provider</u></b>
Grant Thornton LLP	Prudential, London
<b><u>Banker</u></b>	<b><u>Scheme Administrator</u></b>
National Westminster Bank, Leicester	Leicestershire County Council

## 3. Risk management

There are many risks associated with the Local Government Pension Scheme, covering both the investment of the assets and the administration of the benefits payable. It is almost impossible to create a definitive list of these risks and many of the on-going risks are monitored by Officers. Regular reports are brought to the attention of the Local Pension Committee and Local Pension Board to provide the latest position on key risks.

The biggest risk for the Fund is that the value of assets held will ultimately be insufficient to pay for all the benefits due. This risk is quantified by a triennial actuarial valuation, which compares the value of assets to the accrued liabilities and sets employer contribution rates that are considered appropriate to ensure that all benefits can be paid; the Fund is currently in deficit (i.e. the value of assets is less than the accrued liabilities) so the employer contribution rates, at a whole Fund level, include payment for not only future service as it accrues but also contributions towards the deficit. Given that many benefits will not become payable for a long time, and taking into account the financial strength of most employers, the actuary is able to take a long-term approach to recovery of the deficit.

The performance of the assets of the Fund is an important element in helping to maintain affordable employer contribution rates – the higher the long-term investment return achieved, the more of the benefits will be funded by investment returns rather than employer and employee contributions. A long-term approach is taken to agreeing an asset allocation benchmark, with both return and risk considered. The Fund's asset allocation policy is reviewed annually.

Individual investment manager performance is of lower importance than the asset allocation benchmark, but individual manager performance does have an impact and their performance is considered and reviewed regularly. When there are doubts about a manager's ability to generate future performance that is in line with the Fund's requirements/expectations appropriate action will be taken, and this may include the release of a manager. It is not generally optimal to change managers on a frequent basis due to the associated costs (which are mainly the impact of bid/offer spreads and charges within markets), and as a result changes are considered very carefully before they are agreed.

The Local Pension Committee receives advice from the investment practice of Hymans Robertson and is supported by an independent investment advisor, and this assists in making decisions in respect of both overall investment policy, manager selection/retention and good governance.

The Fund employs a large number of investment managers, and all of these invest in a specific asset class and can be termed 'specialist'. Many of these managers are required to have external assessments of their systems and operations and these are reviewed to ensure that there are no issues which put the Fund's investments at risk.

Other investment managers that the fund employs are appointed by LGPS Central Ltd, a company which pools together pension fund assets from various pension funds across the Midlands. Leicestershire County Council along with 8 other pension funds is a joint owner of the company. The company has its own governance and risk management structures in place.

Under the Pensions Regulations all employers must pay over contributions deducted from employees, plus the required employer contributions, to the administering authority within certain timescales. These payments are monitored closely, and immediate action is taken in the event of a late payment. Late payment does not put the benefits of individuals at risk.

Many of the risks associated with providing efficient and cost-effective Pensions Administration are mitigated by ensuring that officers involved in LGPS are knowledgeable and well-trained on an on-going basis. Ensuring that employers understand their responsibilities to the Fund and fulfil them efficiently is also crucial, and an on-going programme of support for them is in place.

#### **4. Financial Performance**

Non-investment cash inflows for the fund come via contributions from Employers. There were a small number of incidences of late payment of contributions by employers over the year, and these were exclusively because of administrative failings on their part. On each occasion the employer was reminded of their responsibilities, and it was not felt necessary to levy interest on overdue contributions. Employer contributions ranged from 15% to 32.0% with the average employer rate being 24.5%.

Administrative costs were at £40.1m for the year compared to £36.0m in the previous year (2018/19). This increase was largely due to additional investment manager costs based on the assets under management and transitioning investments to LGPS central. Investment management fees are variable as they are based on market values that are impossible to predict in advance. Action was taken during the year to reduce investment management costs where there was opportunity to do so. There were no material movements in non-investment assets and liabilities.

The general trend of overall net cash flows is monitored, whether these are derived from investment or non-investment related sources. Non-investment cash flows were positive by almost £44.1m in 2019/20, compared to £25.9m in 2018/19. In addition, the Fund received investment income of £36m. In the context of the funds, £4 billion of assets, the cash flow movements are not material. Any short-term cash surpluses or shortfall can be managed through the funds passive investments that have good levels of liquidity.

Cash flows are unlikely to reduce in the near future, despite cuts to budgets within Local Authorities that could reduce membership (and hence employee/employer contributions). Whilst benefits paid are increasing, due to increasing numbers of pensioners and inflation-linked annual increases, the value of this increase is offset by the increasing rate of employers' contribution. In future years this could result in a reduction in the available cashflow and will require monitoring. The Fund also has significant investments in accumulation funds where the investment income is reinvested rather than distributed, and these could, if required, be changed to income producing funds with the generation of an extra £30m+ cash flow p.a.

The overall impact of a strong positive cash flow is that the Fund has flexibility in the selection of investments and fewer restrictions due to liquidity concerns. There are strong controls in place for ensuring that all income due is received and that benefits are not overpaid. A monthly automated check of pensioners is carried out through a reliable tracing agency to ensure that pensions cease upon death, and the Fund has a very low incidence of overpayments that occur either as a result of fraud, late notification or error.



Details of contributions in and payments out of the fund are shown below:

<b>2018/19</b>		<b>2019/20</b>
<b>£m</b>	<b>Payments in:</b>	<b>£m</b>
<b>(149.5)</b>	Employer Contributions	<b>(167.9)</b>
<b>(39.9)</b>	Member Contributions	<b>(42.7)</b>
<b><u>(10.3)</u></b>	Transfers in From Other Pension funds	<b><u>(12.3)</u></b>
<b>(199.7)</b>	Total Inflows	<b>(222.9)</b>
	<b>Payments out:</b>	
<b>124.8</b>	Pensions	<b>127.8</b>
<b>32.5</b>	Lump Sum Retirement Benefits	<b>32.9</b>
<b>4.6</b>	Lump Sum Death Benefits	<b>3.1</b>
<b><u>11.9</u></b>	Payments to and on Account of Leavers	<b><u>15.0</u></b>
<b>173.8</b>		<b>178.8</b>
<b>(25.9)</b>	<b>Net Cash (inflows)</b>	<b>(44.1)</b>

## 5. Pension Scheme Administration

The number of scheme members who are either receiving a benefit or who have a future entitlement to one increased by 2,355 over the course of the year. This figure excludes the 4,000+ members who have no entitlement to a benefit from the fund but do retain the right to either a refund of contributions or a transfer to an alternative pension arrangement.

Active membership increased by 1,367 from 34,412 to 35,779.

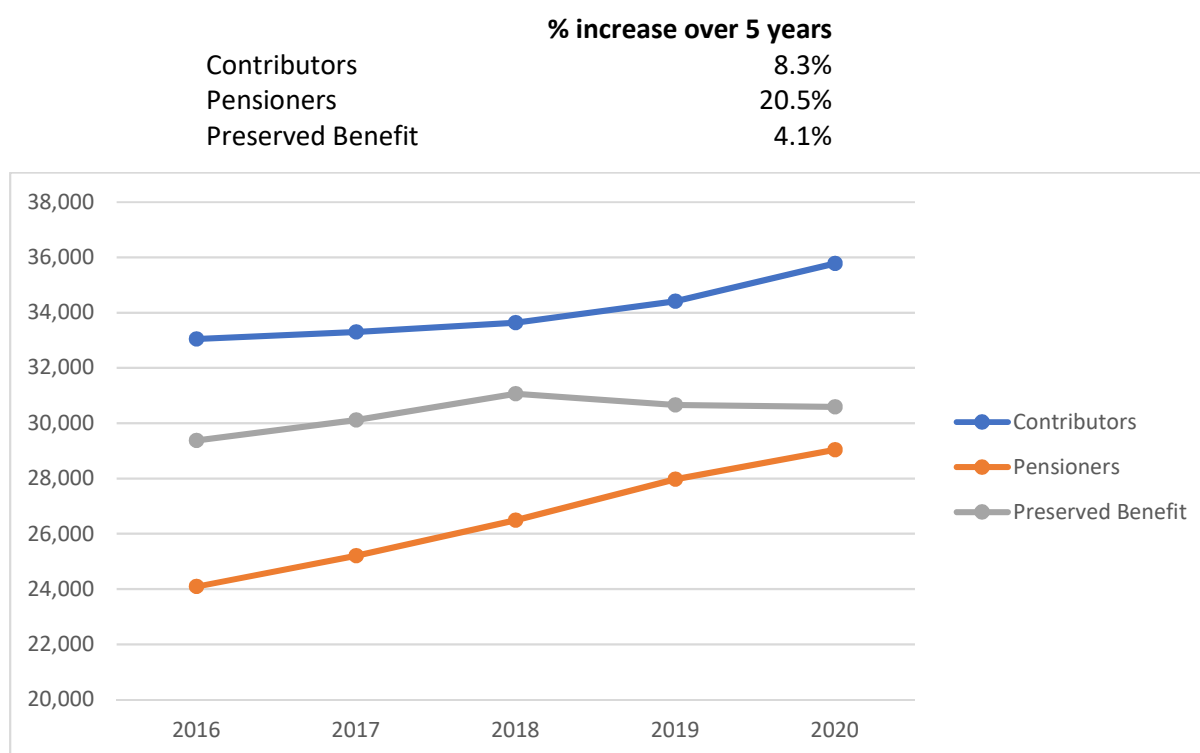
Pensioners increased by 1,063 from 27,973 to 29,036.

Preserved membership decreased by 75 from 30,661 to 30,586.

The Fund's employers have completed the auto enrolment process, with many of the larger employers completing this prior to 2017/18. The auto enrolment process forces employing bodies to bring almost all employees that are eligible to join the LGPS but are not currently scheme members into the scheme. This is reflected by the increase in active members over the past 5 years.

The number of pensioners has been increasing at a rate of 2% per annum over the past 5 years, a trend that is expected to continue.

Membership numbers over the last 5 years are shown in the graph below:-



Leicestershire Pension Fund contributions:

Employer Name	Employer Contributions	Employee Contributions
	£000	£000
Leicester City Council	43,603	11,135
Leicestershire CC	38,076	9,673
The Chief Constable & The OPCC	9,237	2,745
Leics De Montfort University	9,569	2,908
Loughborough University	6,659	1,629
Charnwood Borough Council	3,721	791
North West Leics DC	2,890	776
Rutland CC	2,581	742
Hinckley and Bosworth BC	2,515	692
Blaby District Council	1,957	551
ESPO	1,893	496
Leics Fire Service (Civilians)	857	249
Harborough District Council	1,709	375
Oadby and Wigston BC	1,163	245
Melton BC	1,045	283
FE and Sixth Form colleges	5,872	1,628
Town & Parish Councils	609	155
Academies, Free Schools and others	33,946	7,627
<b>Total</b>	<b>167,900</b>	<b>42,700</b>

The Leicestershire Local Government Pension Fund provides services in line with the requirements of a fund of this nature. This includes the correspondence with members, calculation of benefits, maintenance of members records and data and Pension payments through the payroll service. A service is also provided for members to log onto the online member site and a service for employers to upload member data monthly.

The fund has 28.3 full time equivalent working in Pension Scheme Administration. Scheme membership is 95,000 equating to 3,371 members per FTE.

The fund has several performance indicators in respect of administration performance, which are split between speed of processes and customer satisfaction. These are reported on a quarterly basis to the Local Pension Board.

Accuracy of Data	Common Data	99.20%
	Scheme Specific (Conditional Data)	90.40%
Average Cases Per Member of Staff	Average per FTE (Completed tasks)	608
Complaints	6 stage 2 IDRPs complaints in 2019/20	Less than 0.5%
Types of cases dealt with (only KPI tasks)	Deaths	928
	Pension Estimate	999
	CETV Estimate	312
	Retirement	3,222
	Deferred Benefits	2,723
	Transfers in and Out	87
	Calculate and Pay a Refund	812
	Formal notification of Joining	8,142

Leicestershire Pension Fund key administrative Performance Statistics

Full Year - 1 April 2019 to 31 March 2020

Business Process Perspective	Target †			Customer Perspective - Feedback	Target †		
Retirement Benefits notified to members within 10 working days of paperwork received	92%	94 %	▲	Establish members understanding of info provided - rated at least mainly ok or clear	95%	99 %	▲
Pension payments made within 10 working days of receiving election	95%	90 %	▼	Experience of dealing with Section - rated at least good or excellent	95%	90 %	▼
Death benefits/payments sent to dependant within 10 working days of notification	90%	91 %	▲	Establish members thoughts on the amount of info provided - rated as about right	92%	95 %	▲
				Establish the way members are treated - rated as polite or extremely polite	97%	99 %	▲
				Email response - understandable	95%	91 %	▼
				Email response - content detail	92%	92 %	▲
				Email response - timeliness	92%	95 %	▲
Good or better than target	▲						
Close to target	▶						
Below target	▼						

Other fund information:

Help desk arrangements and information are as follows:

Contact Type	From	To	Contact
			0116
MSS Helpdesk Phones	8:00am	17:00pm	3057886
			0116
Benefits Helpdesk Phone	8:00am	17:00am	3054000
Pensions Benefits Queries	<a href="mailto:Pensionsbenefits@leics.gov.uk">Pensionsbenefits@leics.gov.uk</a>		
Email MSS Queries	<a href="mailto:PensionsMSS@leics.gov.uk">PensionsMSS@leics.gov.uk</a>		
General Pensions Queries	<a href="mailto:Pensions@leics.gov.uk">Pensions@leics.gov.uk</a>		
Address	Pensions Section Leicestershire County Council County Hall Glenfield Leicester LE3 8RB		

### Internal Disputes

If you are not satisfied with any decision given by either the Pension Section or your employer/ former employer, relating to your Local Government Pension Scheme (LGPS) benefits, you may appeal in writing under the Internal Disputes Resolution Procedure (IDRP). You must write within 6 months of receiving the decision.

Any points of difference should firstly be addressed with the Pensions Office on an informal basis. You can write to:

The Leicestershire County Council Pension Section, County Hall, Glenfield, Leicester, LE3 8RB

Or, contact the Pensions Officer who has dealt with your case. Their name and contact details will be on your correspondence.

We will then try to resolve the matter for you. Should you still be unhappy and wish to take the matter further you can request an information sheet and form to complete. This will contain the name and address of the 'Specified Person' nominated by your employer or former employer who would formally investigate your complaint.

Following this, if you are still dissatisfied with their decision, a 'second stage' of complaint can be requested, which will be looked at by the Legal Services team at Leicestershire County Council in most cases.

Should you be dissatisfied with the outcome of this, further details of the next stages of complaint would be provided at the time, should this be necessary.

Further advice can be found at the following:

Pension Advisory Service	web	<a href="https://www.pensionsadvisoryservice.org.uk/">https://www.pensionsadvisoryservice.org.uk/</a>
	phone	0800 011 3797
LGPS Regulation & Guidance		<a href="https://www.lgpsregs.org/">https://www.lgpsregs.org/</a>

### **Good Governance in the LGPS**

Following on from the production of the Good Governance Report to the national Scheme Advisory Board (SAB) on 8th July 2019, which was presented to the Board on 16th September 2019, the SAB agreed to constitute two working groups to take forward the proposals included in the report. Hymans Robertson were appointed to assist the working groups in this next phase of the good governance project.

The first working group (Standards and Outcomes Workstream) was asked to focus on specifying clearly the outcomes and standards that the SAB wishes to see achieved by funds under the proposed approach, and how these outcomes should be evidenced.

The second working group (Compliance and Improvement Workstream) was asked to focus on establishing the compliance regime that will be required to independently assess funds against this framework.

A report, 'Good governance in the LGPS Phase 2' has been prepared for the SAB by both working groups and includes detailed implementation proposals for their workstream including a list of the changes required to guidance to implement this framework. The Fund's officers are working through the proposals, some areas have been addressed and are listed below:

- A training policy approved by the Pensions Committee
- The fund having an administration and communication strategy in place
- A specific Pensions Business Plan and separate Pension Fund budget was approved by Pensions Committee
- The Fund administration is not limited to the same Council decisions in terms of certain functions e.g. recruitment freezes

In terms of wider improvements that link to scheme governance the following are being implemented:

- Greater development of on-line solutions for scheme members to enhance the user experience, e.g. preserved benefit modeller and move to an online retirement process.
- Further roll out of monthly data posting using IConnect, which links to data improvements.
- Implementation of pensioner payroll through the pensions administration system.
- Implementation of immediate payments, allowing Pensions to make payment of single values directly e.g. lump sums, death grants, refunds etc

## 6. INVESTMENT POLICY AND PERFORMANCE

The Fund's strategic asset allocation benchmark at the year end was as follows:

	Weighting	Benchmark	Difference
Equities	46.50%	46.75%	-0.25%
Real Income Fund	26.90%	24.75%	2.15%
Alternatives	24.20%	27.50%	-3.30%
Cash and hedge Collateral	2.40%	1.0%	1.40%
	100.00%	100.00%	0.00%

The setting of the strategic benchmark is the most important decision that the Committee makes. It is this decision that will have by far the most significant impact onto the investment return achieved and approximately 90% of the Fund's overall risk is encompassed within the choice of benchmark. Individual investment manager choices are important as they can produce added value by outperforming their benchmarks, but their influence is small in comparison to the choice of benchmark.

Although some investments have moved over to LGPS central as part of asset pooling, the Local Pension Committee still retain full responsibility for asset allocation and will continue to be accountable for the majority of the Fund's investment performance.

A comprehensive analysis of investment holdings by manager and their associated performance is provided in Appendix A. A summary is provided below:

	1 Year %p.a.		3 Years %p.a.	
	Fund	Benchmark	Fund	Benchmark
Equities	-11.5	-8.8	-0.9	0.5
Private	11.1	-6.2	11.3	2.2
Real Income	2.7	2.6	5	4.6
Alternative	0.7	4.2	1.4	4.2
<b>TOTAL FUND</b>	<b>-4.3</b>	<b>-2.3</b>	<b>1.8</b>	<b>2.5</b>

The Fund has a large number of investment managers and it is inevitable that some of them will have periods of disappointing performance – sometimes this disappointing performance can last multiple years, and can be the result of a particular investment 'style' not being in favour with market sentiment. It is important to understand why managers are performing as they are – regardless of whether this is above or below their benchmark – and to assess whether this is of cause for concern. Knee-jerk reactions that are based on relatively short periods of poor performance are not sensible, and understanding the reasons for poor performance is vital. It is implausible to believe that all managers appointed by the Fund can simultaneously perform well, the Fund needs to have a



reasonable spread of management styles and asset classes and occasionally a manager is chosen specifically because they are different to other managers.

The Local Pension Committee and Investment Subcommittee will continue to monitor the performance of managers and make changes when it is deemed appropriate, although the pooling of investments within the Local Government Pension Scheme mentioned earlier in this report means that there needs to be a greater awareness of when action is appropriate and when it is not and indeed action will be taken at a pooled level rather than an individual pension fund level. Since 1<sup>st</sup> April 2014 all investment performance has been measured net of investment management fees and the figures quoted above are, therefore, after taking these into account.

The management of the individual asset classes is carried out as follows:

### ***Equities***

The Fund has a global passive equity manager (Legal & General) that manages against both market capitalisation benchmarks and also against alternative benchmarks. The Fund has two active equity investments with LGPS Central (the pooling company), a global equity multi manager investment and an active emerging market multi manager product.

Within equities the Fund also has private equity investments (i.e. investment in unquoted companies), the vast majority of which is managed by Adams Street Partners.

### ***Real Income Fund***

Property - Colliers Capital UK manage a directly owned property portfolio but have scope to invest in specialist pooled property funds which are in areas that they find attractive but would not be practical to buy directly, usually due to the size of individual investments (for example leisure complexes based around multiplex cinemas or Central London offices).

La Salle Investment Management manage a portfolio of pooled property funds, which includes some covering a wide range of property types and some which are specialist in nature. Via their ability to research the underlying holdings and the skills of the property managers, it is expected that they will add value to the Fund.

The Fund has also invested in two stand-alone property 'recovery' funds, managed by Kames Capital.

### ***Inflation-linked***

UK inflation is one of the Fund's biggest risks, due to the direct link to benefits and the less-direct link to salary growth of active members. Protecting against this risk is, therefore, sensible but it is also very expensive – it would involve taking money out of assets that are seeking investment growth (e.g. equities) and investing it in safer, and therefore lower-returning, index-linked bonds. This would push up employers' contribution rates to levels which are unaffordable, so cannot be implemented in a large scale manner.

The most natural asset for protecting the Fund against its inflation risk is UK Government index-linked bonds, but these are expensive as there are a number of price-insensitive buyers and a lack of supply. As a result the Fund has a three-pronged approach to obtaining some protection against inflation – investment in infrastructure and timberland (both of which have a good historic link to inflation, and also good return prospects), and also a global government index-linked portfolio.

Kames Capital manages a portfolio of global index-linked stocks. The Fund has three global infrastructure managers - IFM, KKR and JPMorgan - whilst the timberland investment is managed by Stafford Timberland

### ***Alternative Assets***

**Targeted return** - The Fund's targeted return exposure can generally be categorised as investments that are seeking to make a return of 4% p.a. more than could be achieved by an investment in cash (i.e. only slightly below the expected long-term return from equities), and with the expectation that the return will be achieved with relatively low volatility. There are many different ways of achieving this goal and the Fund has three different managers in this area - Aspect Capital Partners, Ruffer and Pictet Asset Management.

**Credit** - The major exposure within credit is in a private debt fund managed by Partners Group, although there are also modest exposures to a 'best ideas' bond fund managed by JPMorgan. The Fund's exposure to Emerging Market Debt is in a pooled fund managed by emerging market specialist manager Ashmore.

**Other opportunities Fund** - The 'Other' weighting is often referred to as the 'opportunity pool'. The broad principle of these investments is that they will offer the prospect of excellent returns, but they will not generally fit neatly into the Fund's strategic benchmark. The high returns will often be available as a result of a market disconnection or a misunderstanding of the risks and this situation will not last indefinitely, and hence the opportunities cannot be considered for inclusion within the strategic benchmark. At the year-end the opportunity pool consisted of three different funds managed by M & G that have virtually identical investment aims. The intention is for the manager to utilise their expertise in restructuring the balance sheets of companies that are stressed, to the advantage of bond holders.

### ***Other portfolios***

The Fund also has a currency portfolio that looks to profit from relative movements in currency values, which is managed by Millennium. No 'cash backing' is required, and this portfolio is not included within the strategic asset allocation benchmark. This mandate was terminated in January 2020 after the annual allocation review conducted by the Funds advisor.

Foreign Exchange hedging is undertaken by Kames Capital to reduce the impact of currency fluctuations, rather than being held for an investment return.

## **7. Member training and attendance**

The Fund's Training Policy was adopted in November 2019 and applies to all members of the Local Pension Committee, Local Pension Board and senior officers involved in the management and administration of the Fund. In relation to training for those involved in the governance and the day to day management and administration of the Fund. The Training Policy has regard to relevant codes of practice and guidelines issued by the Pensions Regulator, CIPFA, the training needs of the Committee and Board and the Fund's current priorities.

All Members are required to take induction training prior to taking up their role and are provided with an Information Pack including all relevant reading material to keep up to date with pensions issues.

Members of the Committee and Board complete self-evaluation forms on an annual basis assessing their General Understanding, and knowledge on Funding, Investment and Pension Administration. A personal Training Plan is then developed for each Member based on the results of these assessments and is supplemented, where appropriate, to cover matters arising in the course of managing the Fund as part of reports to the Board and Committee and following meetings delivered by officers or the Fund's providers such as the Actuary, independent advisers and investment managers.

Given there have been a number of recent changes both within the LGPS, and externally in the broader pensions environment all Board and Committee Members are encouraged to complete The Pension Regulator's online training and other external training as held by the Scheme Advisory Board, Local Government Association, Hymans Robertson as well as LGPS Central's at its Annual Stakeholder Day. Members of the Committee and Board also attended the Annual LGPS Governance Conference held on the 23-24 January 2020.

## **8. Responsible investing**

The Fund's responsible investing (RI) policy is contained within the investment strategy statement alongside the Fund's view of environmental social and governance (ESG). The Fund is continually developing its RI policies with the support of LGPS Central's in house team. Fund's launched by LGPS Central ensure ESG credentials of managers are tested during the procurement phase.

The Fund's 2020 RI plan is shown below with progress as at the year end shown. Post the year end the RI plan has largely continued as expected with the climate risk report (CRR) being delivered before the year. The CRR report will analyse our listed equity exposure against the relevant benchmarks for the investment and provide analysis against various metrics including carbon footprints and exposure to green revenues. The report will incorporate areas that the Fund can investigate to improve climate metrics.

Each Investment Manager presentation delivered includes ESG alongside the traditional market and performance. This will enhance the knowledge of the committee to make more informed decisions in the future.

As an externally managed pension fund, the Investment Managers contracted by the Fund are instructed to exercise, on behalf of the Pension Fund, all rights (including voting), having regard to the best long-term financial interests of the Fund. This includes factors relating to climate change and climate policy. The Fund will not appoint any manager unless they can show evidence of being able to fulfil the Fund's investment objectives, including its Responsible Investment objectives.

The Fund is a part-owner of LGPS Central, an asset manager that will increasingly manage the Fund's holdings. With the Fund's support, LGPS Central has developed a leading approach to responsible investment and has identified climate change as one of its stewardship priorities.

## Pension Fund Annual Report

Timeline	Title	Description	Complete / new date
Q4 19/20	Communicate RI plan	Publication of the Fund's RI plan.	✓
	Responsible Investment Guidance	SAB expected to issue final guidance in February. Fund draft response, including update of this plan to Local Pension Board before report to Committee.	Delayed update from SAB
	RI Training for Local Pension Board		Ongoing
Q1 20/21	Quarterly stewardship reporting	Inclusion in Committee papers of LGPS Central's Quarterly Stewardship Report	✓
	RI Training for Local Pension Committee		✓
	Voting report inclusion in Committee papers	Reporting explaining the execution of shareholder voting on the Fund's listed equity investments. To include funds managed by LGPS Central and LGIM initially.	✓
Q2-Q3 20/21	Quarterly manager reporting on ESG	The formal inclusion by external fund managers of ESG information in quarterly reporting in order to facilitate regular monitoring.	
	New manager selections: integrate ESG where relevant	Include an ESG assessment in processes for appointing fund managers.	
	Receive Climate Risk Report	Report comprising (i) Climate scenario analysis (ii) Carbon risk metrics (iii) Annual Climate Stewardship Plan.	Possibly delayed
Q3 20/21	Climate Plan	Publish a climate plan for 2021 based on the key findings of the Climate Risk Report. To be done ahead of Hymans Robertson's 2021 strategic asset allocation refresh so the Fund can fully embed their RI plan in investment decision-making.	
	Climate Risk Training	Training of pension fund officers, Pension Committee and Pension Board on the risks and opportunities associated with climate change, and the Fund's Climate plan.	
	TCFD Report (Taskforce on Climate related Financial Disclosures)	Public-facing report of the Fund's approach to climate risk, set out in alignment with the recommendations of the Taskforce on Climate-related Financial Disclosures	
	Mid-year review	Assess preparedness for UK Stewardship Code Review RI plan and capture any developments in the regulations, statutory guidance, or RI Guidance from the Scheme Advisory Board.	
	Annual Report	Revised report including new RI content, review by Board before approval at Committee.	

## 9. LGPS Central Pool

As mentioned earlier in the report the Fund is an investor in LGPS Central Ltd, a company which pools together pension fund assets from various pension funds across the Midlands. Leicestershire County Council along with eight other funds is a joint owner of the company. The company has its own governance and risk management structures in place. The aim of the Company is to use the combined buying power of its partner funds to reduce costs, improve investment returns and widen the range of available asset classes for investment – all for the benefit of local government pensioners, employees and employers.

LGPS Central Ltd is based in Wolverhampton and their details can be found below:

Address:

LGPS Central Ltd,  
Mander House,  
Mander Centre,  
Wolverhampton,  
WV1 3NB

Website: <https://www.lgpscentral.co.uk>

e-mail: [enquiries@lgpscentral.co.uk](mailto:enquiries@lgpscentral.co.uk)

During the 2019/20 financial year, the following emerging markets investments were made via the pool by the Leicestershire Fund as follows:

	Value at 31st March 2020
<b>LGPS Central</b>	<b>£m</b>
BMO	48.6
UBS	49.9
Vontabel	53.7
<b>Total</b>	<b>152.2</b>

A further £308.1m of assets are managed by the pool from investments made in previous years. As at 31<sup>st</sup> March 2020 all other assets held by the fund were held outside the Pool.

There are also advisory and executions mandates held with the pool for the following assets:

	Assets under management £m
Targeted Return	465.5
Property	400.2
Fixed Income	94.5

### Post Pooling report

The information request set out below reflects the information required by Partner Funds to meet the CIPFA Annual Report Pooling Disclosures in 2019/20. Please note that the information request reflects the start-up nature of LGPSC, and the level and complexity of the disclosures required will increase in later years.

The analysis provided by LGPS Central (LGPSC) relates to the Leicestershire Pension Fund. The provision of the information by LGPSC to each Partner Fund should ensure consistent reporting across Partner Funds, and allow LGPSC to aggregate, and reconcile back the individual Partner Fund disclosures, to the Company's financial statements.

### **Set up costs**

Leicestershire's share of the set-up cost associated with the pool were as follows:

£000	Cumulative 2014/15 to 2018/19 Total
Set Up Costs	
Recruitment	0
Procurement	27
Professional Fees	2
IT	187
Staff Costs	97
Other Costs	142
Premises	49
Staffing-Related Costs	5
Travel and Expenses	1
Training and Events	1
FCA Fees	1
General Admin Costs	2
<b>Set-Up Costs Before Funding</b>	<b>514</b>
Share Capital	1315
Debt	685
Other Costs	
<b>Set-Up Costs After Funding</b>	<b>2514</b>

£000	2016/17	2017/18	2018/19	Cumulative Total
<b>Set-Up Costs Before Funding</b>	<b>95</b>	<b>419</b>	<b>-</b>	<b>514</b>
<b>Set-Up Costs After Funding</b>	<b>95</b>	<b>2,419</b>	<b>-</b>	<b>2,514</b>
<b>Transition Costs</b>				

#### Recharges By Partner Funds to LGPSC in respect of Set-Up Costs

£000	At 1 April-18	Recharges in Year	Settled in Year	At 31 March-19
Set-Up Cost Recharges	502	-	(502)	-

#### Governance, Operator and Product Development Charged by LGPSC to Partner Funds

£000	At 1 April-19	Charges in Year	Settled in Year	At 31 March-20
Total	151	898	(774)	275

#### Other Transactions between Partner Funds and LGPSC

£000	At 1 April-19	Charges in Year	Settled in Year	At 31 March-20
Interest Payable	43	36	(43)	36
Total	43	36	(43)	36

The following Investment management costs have been charged by the pool to the Leicestershire Fund.

#### LGPSC Investment Management Expenses Charged to Partner Funds

	£000	Direct	Total	Bps Charge
1	Ad Valorem	1,325	1,325	26.08
2	Performance	-	-	-
3	Research	-	-	-
4	PRIIPS Compliance	-	-	-
5	Other (provide details)	-	-	-
	<b>Management Fees</b>	<b>1,325</b>	<b>1,325</b>	<b>26.08</b>
6	Commissions	192	192	3.78
7	Acquisition/issue costs	29	29	0.57
8	Disposal costs	-	-	-
9	Registration/filing fees	-	-	-
10	Taxes and Stamp Duty	172	172	3.39
11	Other (provide details)	-	-	-
	Implicit Costs	1,500	1,500	29.53
	<b>Transaction Costs</b>	<b>1,893</b>	<b>1,893</b>	<b>37.26</b>
				-
12	<b>Custody/Depository</b>	<b>49</b>	<b>49</b>	<b>0.96</b>
13	<b>Other (provide details)</b>			-
	Fund Accounting	13	13	0.26
	Transfer Agent	4	4	0.08
	External Audit	4	4	0.08
	Performance Reporting	6	6	0.12
	<b>Total Costs</b>	<b>3,294</b>	<b>3,294</b>	<b>64.84</b>

Note: The total of the analysis should reconcile to request (6) below

\*BPS= Basis points charged based on Assets under Management

## Pension Fund Annual Report

£000	1	2	3	4	5	6	7	8	9	10	11	12	13	Total 2019/20 Costs	AUM At 31 March 2020 £m	2019/20 Bps Charge
Global Multi-Manager	836					151				11 8	1,436	36	11	2,588	307	71.29
GEMS	482					41	29			54	64	13	16	699	152	51.78
<b>ACS Sub-Funds</b>	<b>1,3 18</b>	-	-	-	-	<b>192</b>	<b>29</b>	-	-	<b>17 2</b>	<b>1,500</b>	<b>49</b>	<b>27</b>	<b>3,287</b>	<b>459</b>	
Private Equity 2018 V'tage	7													7	10	7.00
<b>Alternative Vehicles</b>	<b>7</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>7</b>	<b>10</b>	
<b>Total</b>	<b>1,3 25</b>	-	-	-	-	<b>192</b>	<b>29</b>	-	-	<b>17 2</b>	<b>1,500</b>	<b>49</b>	<b>27</b>	<b>3,294</b>	<b>469</b>	<b>64.84</b>

Items 1 – 13 relate to the categories highlighted in the management costs table.

### Asset Under Management & Performance by Product / Service

£000	AUM At 1 April-19 £m	AUM At 31 March-20 £m	One Year Gross Performance % (*)	One Year Net Performance % (*)	Passive Benchmark Used	One Year Passive Index % (*)
Global Multi-Manager	340	307	-	N/A	FT: All World	-
GEMS	-	152		N/A		
<b>ACS Sub-Funds</b>	<b>340</b>	<b>459</b>				
Private Equity 2018 Vintage	10	10				
<b>Alternative Vehicles</b>	<b>10</b>	<b>10</b>				
<b>Total</b>	<b>350</b>	<b>469</b>				

(\*) Inception to 31 March 2019





## 8. Actuarial Statement

### Leicestershire County Council Pension Fund (“the Fund”) Actuarial Statement for 2019/20

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

#### Description of Funding Policy

The funding policy is set out in the Administering Authority’s Funding Strategy Statement (FSS), dated March 2020. In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the Fund using a prudent long-term view. This will ensure that sufficient funds are available to meet all members’/dependants’ benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 17 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 75% likelihood that the Fund will achieve the funding target over 17 years.

#### Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2019. This valuation revealed that the Fund’s assets, which at 31 March 2019 were valued at £4,312 million, were sufficient to meet 89% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2019 valuation was £537 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and liability measure as per the FSS. Individual employers’ contributions for the period 1 April 2020 to 31 March 2023 were set in accordance with the Fund’s funding policy as set out in its FSS.

#### Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2019 formal valuation report.

## Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

## Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2019 valuation were as follows:

Financial assumptions	31 March 2019
Discount rate	3.8%
Salary increase assumption	2.8%
Benefit increase assumption (CPI)	2.3%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and a long-term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.5 years	23.8 years
Future Pensioners*	22.2 years	25.2 years

\*Aged 45 at the 2019 Valuation.

Copies of the 2019 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund.

## Experience over the period since 31 March 2019

Markets were disrupted by COVID 19 which resulted in difficult market conditions towards the end of the financial year. As a result, the funding level of the Fund as at 31 March 2020 has reduced versus that reported in the previous formal valuation.

The next actuarial valuation will be carried out as at 31 March 2022. The Funding Strategy Statement will also be reviewed at that time.

Tom Hoare FFA

10 June 2020

For and on behalf of Hymans Robertson LLP

## 9. Financial Statements

The funds financial statements can be found on the link below. The financial statements are currently being audited.

<https://www.leicestershire.gov.uk/about-the-council/council-spending/accounts-and-payments>

## **10. GOVERNANCE COMPLIANCE STATEMENT**

### **1.0 INTRODUCTION**

- 1.1 This is the governance compliance statement of the Leicestershire Pension Fund. The Fund is a statutory one that is set up under an Act of Parliament and the administering authority is Leicestershire County Council (the Council). This statement has been prepared as required by the Local Government Pension Scheme (Amendment) (No. 3) Regulations 2007.

### **2.0 FUNCTIONS AND RESPONSIBILITIES**

- 2.1 Leicestershire County Council has delegated the responsibility for decisions relating to the Leicestershire Pension Fund in accordance with Section 101 of the 1972 Superannuation Act. This delegation to a specialist committee is in line with guidance from the Chartered Institute of Public Finance & Accountancy (CIPFA). The Committee's principal aim is to consider pensions matters with a view to safeguarding the interests of all pension fund members.
- 2.2 The LPC meets five times a year and its members act in a quasi-trustee capacity. One of these meetings is specifically used to focus entirely on investment strategy. No substantive issues of investment policy will be carried out without the prior agreement of the LPC or, in extreme circumstances and where it is impractical to bring a matter to the LPC, following consultation with the Chair and Vice-Chair.
- 2.3 The LPC may delegate certain actions to the Director of Corporate Resources. It is the expectation of the LPC that some of the more administrative matters relating to investment management, such as the appointment of a custodian, are carried out by the Director of Corporate Resources.
- 2.4 An Investment Subcommittee, with its members drawn from the LPC, is a decision-making Subcommittee and will generally deal with more technical aspects of investment (such as looking at potential new investment opportunities or dealing with the appointment of new investment managers), any decisions made by the Subcommittee are reported at the following LPC
- 2.5 The Local Pension Board was established in accordance with the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 to assist the Administering Authority in ensuring the effective and efficient governance and administration of the Fund, including securing compliance with LGPS Regulations, other legislation and the requirements of the Pensions Regulator. The LPC, in fulfilling its functions, will have regard to advice of the Board.
- 2.6 The Director of Corporate Resources oversees the implementation of Fund policy and the management of the day-to-day operational functions through the Fund's service areas.

### **3.0 REPRESENTATION**

- 3.1 The LPC is made up of 13 members – five members representing Leicestershire County Council, two representing Leicester City Council, two jointly representing the District Councils, one jointly representing De Montfort/Loughborough Universities and three non-

voting staff representatives. The ten voting members are appointed using the due political process or, in the case of the two universities, by joint arrangement. There will be at least one staff representative position available annually and a vote will be held to fill any vacancies at the Annual Meeting of the Fund.

- 3.2 The LPB is made up of six voting members – three employer representatives (two elected Members of Leicestershire County Council and one elected Member from Leicester City Council) and three employee representatives. There will be at least one employee representative position available annually, as well as for a reserve employee representative, and a vote will be held to fill any vacancies at the Annual Meeting of the Fund.

#### **4.0 STAKEHOLDER ENGAGEMENT**

- 4.1 An Annual Meeting of the Pension Fund is held annually, to which all employee members and other interested parties are welcome. The purpose of the meeting is to present the Annual Report of the Fund and to report on current issues, as well as to elect employee representatives for any vacant positions on the LPC and the LPB.

- 4.2 A number of other initiatives to involve stakeholders also take place, including:

- Presentations by the Fund/Actuary to employing bodies;
- Pensions roadshows at various venues;
- The Annual Report and Account of the Pension Fund;
- Other communications to members.

#### **5.0 REVIEW AND COMPLIANCE WITH BEST PRACTICE**

- 5.1 This statement will be kept under review and will be revised and published following any material change in the governance arrangements of the Pension Fund.
- 5.2 The regulations require a statement as to the extent to which the governance arrangements comply with guidance issued by the Secretary of State. This guidance contains a number of best practice principles and these are shown below with the assessment of compliance.

Principle	Compliance/Comments
Structure	
The strategic management of fund assets clearly rests with the main committee established by the appointing council.	<b>Fully compliant</b>
That representatives of participating LGPS employers, admitted bodies and scheme members are members of the committee.	<b>Fully compliant</b>
That where a secondary committee has been established, the structure ensures effective communication across both levels.	<b>Fully Compliant</b>

That where a secondary committee has been established, at least one seat on the main committee is allocated for a member of the secondary committee	All Investment Subcommittee will be full LPC members, so <b>Fully Compliant</b>
Representation	
That all key stakeholders are afforded the opportunity to be represented within the main committee structure (including employing authorities, scheme members, independent professional observers and expert advisors)	<b>Fully Compliant</b>
That where lay members sit on a main committee, they are treated equally and are given full opportunity to contribute to decision making, with or without voting rights	<b>Fully Compliant</b>
Selection and Role of Lay Members	
That committee members are fully aware of their status, role and function they are required to perform.	<b>Fully Compliant</b>
Voting	
The policy of the administering authority on voting rights is clear and transparent, including the justification for not extended voting rights to certain groups	<b>Fully Compliant</b>
Training/Facility Time/Expenses	
That the policy applies equally to all members of committees	<b>Fully Compliant</b>
Meetings (frequency/quorum)	
That the main committee meet at least quarterly	<b>Fully Compliant</b>
That secondary committees meet at least twice a year and the meetings are synchronised with the main committee	The Investment Subcommittee meets regularly, so <b>Fully Compliant</b>
If lay members are not included in formal governance arrangements, a forum is available outside of these arrangements by which their interests can be represented	Lay members are included on main committee, so <b>Not Relevant</b>
Access	
That, subject to any rules in the Council's constitution, all members have equal access to committee papers, documents and advice that falls to be considered by the main committee	<b>Fully Compliant</b>

Scope	
That administering authorities have taken steps to bring wider scheme issues within the scope of the governance arrangements	<b>Fully Compliant</b>
Publicity	
That the administering authority have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements	<b>Fully Compliant.</b> A copy of this statement has been sent to all employing authorities.



