

# MINUTES OF THE PENSION BOARD MEETING

Tuesday 20 October 2020 at 2pm

Present: Stephen Warren (Chair) Rowann Limond (Scheme Representative), Elizabeth Sclater (Independent Member), David Austin (Head of Corporate Resources), Robert Browning (Principal Accountant), Stephanie Fleck (Principal Lawyer)

Apologies: Suki Binjal (Employer Representative), Gary Cummins (Scheme Representative)

## 1. Declarations of Interest

No interests were declared.

## 2. Minutes

The minutes of the last meeting were agreed as an accurate record.

## 3. Action Log and Work Plans

The Principal Accountant presented these reports.

May of the items on the Action Plan and been carried forward from last year where progress had not been made in the interim. One of the suggestions was to include a direction of travel which could not yet be done for the items that had not made any progression. The completed actions were highlighted in the report and will be removed from the log for the next meeting. There is a separate action plan for the board and the administering authority. There was a request at the previous meeting for the administering authority to officially endorse their action plan, with the caveat that some of the items within the authority action log have been actioned in the past year. The Head of Corporate Resources endorsed the action log.

The Chair asked officers how confident they were in that the actions will be completed within the next quarter. Officer's responded that with sufficient support and time, actions should be complete by their deadlines for the next quarter.

Action: the Plan will be amended by the next meeting to reflect the changes discussed in the meeting and to ensure it is up to date.

After discussing time lost due to cancelled meetings during COVID-19 lockdowns, the Board agreed that the meetings should be scheduled at times where crucial matters require discussion and input from the Board.

The Board also agreed to a new Compliance Review next year.

RESOLVED the report was noted.

#### **4. Risk Register**

The Principal Accountant presented the first draft of the Risk Register and discussed the following:

The Risk Register came out of the Compliance Review undertaken by Aon. One of the points that came out of the review was the risk register was limited in that it focused predominantly on the financial risks with very little else. It was subsequently discovered that the administering officers of the funds maintained their own risk register to cover their risks. It was aimed that both risk registers would be merged but the Risk Register from the Board would be updated by aligning it to the CIPFA guidance.

The Risk Register was due to be taken to the Pensions Investment Committee, but will continue to be a live document, regularly updated.

Action: Actions to be taken and timeframes to be added to the risk register

#### **5. General Update**

The Principal Account gave the following summary of the report:

There is not yet a policy in place to ensure compliance to the breaches of the law log. This is to be addressed next quarter.

There had been several changes over the last 12 months in regards to the London CIV. Their engagement with London boroughs had improved substantially. They had set up monthly business updates to update shareholders on the progress they made on setting up new funds, performance of the funds and those in development. They had also set up investor groups where there potential mandates investors may be interested in.

The Value of Assets under management now has increased up to £9.5bn. Lewisham does not have anything invested in the CIV currently, but that is likely to change within the next year, he stated.

The latest internal audit concluded in July 2020. Just two medium recommendations were given- one was to update the risk register and the other was regarding the reconciliations undertaken be done in a more timely manner.

From the Scheme Advisory report, it was question whether some large structural reforming should take place on how the LGPS functions in conjunction with the local authority and what the methods of best practice would be. Two working groups were commissioned to take forward two phases of the project- one to look forward at the outcomes they would wish to see improvements for and the other to look at establish a new compliance regime to establish how the standards would be set out. The project was paused due to COVID.

A Supreme Court judgement was made about the governments wording in their statutory guidance of how funds should or should not pursue investment strategies which are contrary to UK foreign policy. The phrasing from the government was the Funds should not be making such investments. The ruling was that the government do not have the power to make that legally binding. Funds have

always had this ability divest from sensitive countries or companies on financial grounds. It has now been made clear that non-financial factors can be considered in making investment decisions. As a result, there have been requests from certain pressure groups and freedom of information requests about certain investments the Fund might hold. It was confirmed that the Fund does have small exposure to some of the companies on a UN list, roughly £230,000. But it has been stressed in our responses that the Fund's new investment policy will divest in our current equities into our current carbon equivalents, so will divest away from those companies.

The Pension Fund Annual report summarised summarises the performance of the Fund over the year as well as the statement of accounts. There was a recommendation that Members delegate the Chair the writing of the Pension report which goes into the full report.

It was also recommended that the Board undergoes training of interest. Members agreed to notify officers of attended training to ensure the training log is kept up to date.

Action: The Chair asked if members would agree that before committing funds to the CIV the administering authority should be satisfied about the mechanisms to obtain the assurance about both the design and the ongoing operation of the controls of the CIV. The board agreed.

RESOLVED it was agreed that the Chair will write the Pension report for the full annual report.

## **6. Exclusion of Press and Public**

It is recommended that under Section 100(A) (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 3, 4 and 5 of Part 1 of Schedule 12(A) of the Act, as amended by the Local Authorities (Executive Arrangements) (Access to Information) (Amendments) (England) Regulations 2006:-

London Borough of Lewisham Strategic Update

## **7. London Borough of Lewisham Strategic Update**

The Board received a confidential report providing a summary of a number of key strategic issues which have arisen since the last Board meeting in October 2019

RESOLVED that the report update be noted.