



PENSION BOARD

Date: THURSDAY, 16 MARCH 2023 at 2.00 pm

**Committee Room 1/2
Civic Suite
Lewisham Town Hall
London SE6 4RU**

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MEMBERS

Mark Adu-Brobbey
Gary Cummins
Rowann Limond
Stephen Warren

Members are summoned to attend this meeting

**Jeremy Chambers
Head of Law, Governance and Elections
Lewisham Town Hall
Catford
London SE6 4RU
Date: 9 March 2023**



INVESTOR IN PEOPLE

ORDER OF BUSINESS – PART 1 AGENDA

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Lewisham



INVESTOR IN PEOPLE

The public are welcome to attend our committee meetings, however occasionally committees may have to consider some business in private. Copies of reports can be made available in additional formats on request.

Agenda Item 1

PENSION BOARD		
Report Title	Minutes	
Key Decision		Item No. 2
Ward		
Contributors	CHIEF EXECUTIVE	
Class	Part 1	Date: 16 March 2023

Recommendation

That the Minutes of the meeting of the Pension Board, which was open to press and public, held on 14 December 2023 (copy attached) be confirmed and signed as a correct record.

MINUTES OF THE PENSION BOARD

Wednesday 14 December 2022 at 3.00 pm

Members Present:

In Person: Stephen Warren (Chair),

Virtually: Mark Adu-Brobbey, Salena Mulhere

Officers Present:

In Person: Chris Flower (Lead Officer), Rashida Ashrafi (Service Group Manager),
Samantha Harlow (Pensions Manager), Committee Officer

Virtually: Katharine Nidd (Head of Financial Strategy (Officer))

Apologies: Gary Cummins; Rowann Limond

1. Minutes

RESOLVED that the minutes of the meeting of the Pensions Board held on 5 October 2022 be adopted.

2. Declarations of Interest

Salena Mulhere advised she was a Member of the Pension Fund and that she receives a small pension from the LGPS from a different local government employer. Rowan Limond and Mark Adu-Brobbey declared interests as members of the Pension Fund.

3. Action log

The report was presented to the Board by the Lead Officer, who provided an overview of the action log. Members were informed that the following actions remained ongoing:

3.1 The Lead Officer advised Members that completeness of the Action Log was expected within the next 6 months.

3.2 The Lead Officer advised that he had reached out to Members on the matter, but had not received any responses.

3.3 The Lead Officer suggested to the Chair extra time may be required.

3.4 Action:

The Chair suggested the matter should be dealt with outside of the Pension Board arena, dealt with offline and then reported back to the Board

3.5 Training and Events

Head of Financial Strategy (Officer) advised the Board that PIC requested that:

- PIC training be combined with the Boards training, as the PIC would like more interaction with the Board.
- Amendments were made to the training times, as the current times set tended to clash with other LBL Committee meetings.

3.6 The Officer asked the Boards permission to provide evening training sessions and combine them with the Boards training. Training would be separate from the Committee and Board meetings.

3.7 The Chair enquired whether there would be an offer of virtual training.

3.8 The Officer confirmed that the training would typically be a virtual offer via the Microsoft Teams application and would also include a Q&A element.

3.9 The Chair advised the Officer that subject to any observations from the Board, the proposed revised training arrangements would be sensible and would also minimise the requirement for attendees to travel.

3.10 Risk Register

The Lead Officer gave a broad overview of Agenda actions to be conducted and items to be considered that were included in the meeting agenda as Appendices listed as: Risk Register and the actions that were pending.

3.11 The Head of Financial Strategy (Officer) advised that the tailored actions on the log were acceptable and that an annual governance compliance statement would be desired. Of which parts would be adapted to reflect the LBL Constitution. The Board were advised the schedule would be revised to move up a quarter and the dates amended accordingly.

3.12 The Lead Officer confirmed that the Administration Strategy and the Risk Register would be submitted to the Board in the New Year.

3.13 **Action:**

The Chair recommended that items that can be removed from the Risk Register are removed. Therefore an offline conversation is required in order to identify those items which would be completed and then removed. After which any other ongoing items are presented in a separate schedule.

3.14 Internal Dispute Resolution Procedure (IDRP)

The Lead Officer gave an overview to the Board of the Internal Dispute Resolution Procedure (IDRP).

3.13 The Service Group Manager advised that it was noted that a request had been made for delegated officers' details to be added to the report. The Board were advised that in most local authorities individuals were not named.

3.14 The Chair advised the Board that it would not be appropriate for named individuals to be involved in cases where they are the named officer.

3.15 Action:

Appropriate adjustments would be made to the report by Officers.

3.16 The Board were asked to note the contents of the report.

3.17 RESOLVED

The Board reviewed and noted the report.

4. Breaches log

The Lead Officer presented the report to the board. The members were advised of the purpose of the breaches log and the Lead Officer confirmed that at the time of the meeting, there were no breaches.

4.1 The Board were asked to note the contents of the report.

4.2 RESOLVED

The Board reviewed and noted the report.

5. Training log

The report was presented to the board by the Lead Officer, who advised the Board the training log did not include the additional training undertaken by Members such as: personal reading. The Lead Officer made comparisons to the training log of PIC.

5.1 Action

The Chair instructed Members to inform Officers of the training they had undertaken, as well as additional relevant training undertaken.

5.2 The Board were asked to note the contents of the report

5.3 RESOLVED

The Board reviewed and noted the report

6. General update

6.1 The Head of Financial Strategy (Officer) presented the report.

6.2 Members were given the recommendation to:

- Review and note the Draft Pension Fund Annual Report as presented to the Pension Investment Committee on 08/11/2022
- Review and note Q3 Investment Performance Report;
- Review and note the progress report on the arrangements for Pooling;
- Note the remainder of the report.

6.3 The Board were advised that PIC had reviewed the draft pension fund Annual Report 2021/22 on 8 November 2022. The Members scrutinised the annual report and asked questions of the officers regarding the report and asked for a few minor changes. The PIC approved the Draft Annual Report 2021/22

subject to the changes requested and any further amendments required through the finalisation of the audit.

- 6.4 The Officer advised the Board that the draft Pension Fund Annual Report 2021/22 was published on 1 December 2022 and once the external auditors had completed their audit the report, it would be updated to include the auditor's statement. It would then be returned to the PIC in its final form at the February 2023 meeting.
- 6.5 A Member noted the climate objectives of the PIC and asked how would the balance be achieved between climate objectives versus protecting the client investment in the Fund.
- 6.6 The Chair noted the Members concern and stated that fund managers would state their funds investment objectives in regard to climate as more funds reacted to demand for sustainability. As such over the course of time undesirable assets that are viewed as dirty would become cheaper, which would cause investment objective conflicts.
- 6.7 The Head of Financial Strategy (Officer) advised that the Funding Strategy Statement was the driver that set the objectives of the Investment Strategy. It would assess how well a fund was funded, it would assess changing risks and it would also assess how returns affected other asset classes LBL were attempting to invest in.
- 6.8 The Officer also advised the Board that ESG considerations would always be heard, regardless of the type of investment being sought.
- 6.9 The Officer advised the Board that the LBL investment advisor Hymans Robertson (Advisor) would set up a workshop in January 2023 and the combined effort would drive the decision-making required to implement the Investment Strategy Statement, which would include the delivery on LBL's ESG commitments. Investment products would be spotlighted to conform to the ESG standards as the markets change.
- 6.10 The Officer discussed a 3 map scenario that was applied against the Investment Strategy to inspire confidence, which could also be used to assess there was improvement to the current strategy.
- 6.11 The Chair noted the 3 map scenario would be discussed further in Part 2 of the meetings deliberations.
- 6.12 The Chair also noted the process and effort LBL had gone through to prepare the Investment Strategy, to ensure it provided the right information with regard to procedure and advice to enable the LBL to discharge its statutory and fiduciary duties.
- 6.13 The Chair observed that whilst the report met its requirements, it needed to be a more interesting read. The Chair expressed concern with regard to how it communicated with its readers. The report was viewed as a large document that was dense text, with few graphics.
- 6.14 A Member supported the Chairs advice and stated it would be a good opportunity to work with the LBL Communications team in order to assist LBL employees to engage and understand the investment work being done.

- 6.15 The Head of Financial Strategy (Officer) gave an overview of the Q3 performance report and provided comments from the Advisor. The Officer provided a summary that illustrated the PIC involvement i.e. discussions with regard to GILTs, bonds, low carbon assets and net zero objectives.
- 6.16 The Chair advised the discussion would continue in Part 2 of the meetings deliberations.
- 6.17 The Officer provided further overview of pooling and LCIV activities.
- 6.18 A Member asked if LCIV was treated by LBL as a fund manager in its own right.
- 6.19 The Officer confirmed that it was treated in that manner, but noted that the LCIV employed other fund managers. It was noted a distinction was to be made where the LCIV were a fund manager, yet LBL were also a shareholder in the LCIV.
- 6.20 The Chair enquired about the confidence of the LBL in LCIV as a fund manager with regard to the pricing of units at their redemption date.
- 6.21 The Officer advised the Board that the LCIV employed a sub-fund manager that would conduct the pricing on their behalf. The Board were advised that LCIV operated good internal controls. The Officer discussed LCIV provisions such as watch lists, meeting with fund managers, holding fund managers to account, voting rights, allowing access to LCIV data, so that the LBL Advisor could provide comments and their work on the draft report to be submitted to PIC

6.22 Action:

- The recommendation was made that Officers make the report more interesting and engaging.
- Officers made the report as accessible as possible to prospective readers.
- Prioritise the publication of the annual report for 2022.
- The Chair requested that the report be submitted to Committee

6.23 The Board were asked to note the contents of the report

6.24 RESOLVED
The Board reviewed and noted the report

7. Work Programme

Lead Officer presented the report.

7.1 The Lead Officer presented the report.

7.2 The Head of Financial Strategy (Officer) discussed issues such as materiality and payment failures, the Boards Terms of Reference, the Administration Strategy due for March 2023 and the Investment Strategy that would go to PIC in February 2023.

7.3 The Board were asked to note the contents of the report

7.4 RESOLVED
The Board reviewed and noted the report

8. Any Other Business

The Lead Officer:

- Noted that the change of Membership.
- Announced details of the new Member due to join the Board.
- Confirmed that the new Member would receive induction and training.

8.1 The Chair thanked the Member outgoing from the Board for their contribution and wished them well in the future.

8.2 Action:

8.3 Check with new Member with regard to their availability and provide them with details of the future dates for their awareness.

9. Future Meeting Dates

The dates were confirmed as:

14 December 2022
16 March 2023

10. Exclusion of Press and Public Notice

It was 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:-

- 11.
- 11. Appendix A. - LB Lewisham Q3 2022 Investment Report
30-09-22
 - 11 Appendix B - Lewisham Pension Fund Valuation Results 2022

10.1 The Board noted the recommendation

10.2 RESOLVED agreed the recommendation

11. General update - confidential appendices

The Head of Financial Strategy (Officer) presented the reports.

The Members asked questions that were answered by the Officers.

The meeting ended at 4.33 pm

Agenda Item 2

LOCAL PENSION BOARD		
Report Title	Declarations of Interest	
Key Decision		Item No. 2
Ward		
Contributors	CHIEF EXECUTIVE	
Class	Part 1	Date: 16 March 2023

Declaration of Interests

Members are asked to declare any personal interest they have in any item on the agenda.

Personal interests

There are two types of personal interest :-

- (a) an interest which you must enter in the Register of Members' Interests*
- (b) an interest where the wellbeing or financial position of you, (or a "relevant person") is likely to be affected by a matter more than it would affect the majority of inhabitants of the ward or electoral division affected by the decision.

*Full details of registerable interests appear on the Council's website.

("Relevant" person includes you, a member of your family, a close associate, and their employer, a firm in which they are a partner, a company where they are a director, any body in which they have securities with a nominal value of £25,000 and (i) any body of which they are a member, or in a position of general control or management to which they were appointed or nominated by the Council, and (ii) any body exercising functions of a public nature, or directed to charitable purposes or one of whose principal purpose includes the influence of public opinion or policy, including any trade union or political party where they hold a position of general management or control).

If you have a personal interest you must declare the nature and extent of it before the matter is discussed or as soon as it becomes apparent, except in limited circumstances. Even if the interest is in the Register of Interests, you must declare it in meetings where matters relating to it are under discussion, unless an exemption applies.

Exemptions to the need to declare personal interest to the meeting

You do not need to declare a personal interest where it arises solely from membership of, or position of control or management on:

- (a) any other body to which you were appointed or nominated by the Council
- (b) any other body exercising functions of a public nature.

In these exceptional cases, unless your interest is also prejudicial, you only need to declare your interest if and when you speak on the matter.

Sensitive information

If the entry of a personal interest in the Register of Interests would lead to the disclosure of information whose availability for inspection creates or is likely to create a serious risk of violence to you or a person living with you, the interest need not be entered in the Register of Interests, provided the Monitoring Officer accepts that the information is sensitive. Where this is the case, if such an interest arises at a meeting, it must be declared but you need not disclose the sensitive information.

Prejudicial interests

Your personal interest will also be prejudicial if all of the following conditions are met:

- (a) it does not fall into an exempt category (see below)
- (b) the matter affects either your financial interests or relates to regulatory matters - the determining of any consent, approval, licence, permission or registration
- (c) a member of the public who knows the relevant facts would reasonably think your personal interest so significant that it is likely to prejudice your judgement of the public interest.

Categories exempt from being prejudicial interest

- (a) Housing – holding a tenancy or lease with the Council unless the matter relates to your particular tenancy or lease; (subject to arrears exception)
- (b) School meals, school transport and travelling expenses; if you are a parent or guardian of a child in full time education, or a school governor unless the matter relates particularly to the school your child attends or of which you are a governor;
- (c) Statutory sick pay; if you are in receipt
- (d) Allowances, payment or indemnity for members
- (e) Ceremonial honours for members
- (f) Setting Council Tax or precept (subject to arrears exception)

Effect of having a prejudicial interest

If your personal interest is also prejudicial, you must not speak on the matter. Subject to the exception below, you must leave the room when it is being discussed and not seek to influence the decision improperly in any way.

Exception

The exception to this general rule applies to allow a member to act as a community advocate notwithstanding the existence of a prejudicial interest. It only applies where members of the public also have a right to attend to make representation, give evidence or answer questions about the matter. Where this is the case, the member

with a prejudicial interest may also attend the meeting for that purpose. However the member must still declare the prejudicial interest, and must leave the room once they have finished making representations, or when the meeting decides they have finished, if that is earlier. The member cannot vote on the matter, nor remain in the public gallery to observe the vote.

Prejudicial interests and overview and scrutiny

In addition, members also have a prejudicial interest in any matter before an Overview and Scrutiny body where the business relates to a decision by the Executive or by a committee or sub committee of the Council if at the time the decision was made the member was on the Executive/Council committee or sub committee and was present when the decision was taken. In short, members are not allowed to scrutinise decisions to which they were party.

Agenda Item 3

Rolling Actions Log

As at March 2023

No.	Date of meeting	Action from Meeting	Owner	Comments	Expected date of completion	Date completed
1	October 2022	Internal controls: Officers will report back to the Board at the next scheduled meeting on their progress with the ongoing report and arrangement of an internal audit of the procedure notes and policy documentation.	SA	Verbal progress update	June 2023	
2	October 2022	Administration Strategy: The local authority would review the strategy and provide specific clarification with regard to the mechanisms and timetables that would be employed for monitoring and engagement in the final draft.	SA	Verbal progress update	June 2023	
3						
4						
5						
6						

Standing items

1		Completion of the Pension Regulators Toolkit within 6 months or within 6 months from appointment	Members	To be completed by end of November 2022		Ongoing
2		Provision of a training programme of a 1 hour session.	Officers	To decide if combined with the Pension Investment Committee training		Ongoing
3		A routine learning and development item on each agenda so that there is recorded completion of self-assessments and the Regulators Toolkit.	CF	See Training log agenda item		Ongoing
4		A standing item should be included on the agenda for each of its meetings to receive the Breaches Log (including a report, if appropriate, that no breaches arose since the previous meeting; and that any breaches were reported to the Chair and members of the Board promptly between meetings.	SA	See Breaches Log agenda item		Ongoing

Agenda Item 5

Lewisham Pension Board

Training Log (from March 2022 to date)

	Date	Organiser	Event	Hours
<u>Chair</u> Stephen Warren	22/06/2022	Katharine Nidd	LGPS Governance, Regulatory Framework, Fund Administration and Fund Investment	1.0
	06/10/2022	Hymans Robertson	High Level Valuation Training	1.0
	14/12/2022	Katharine Nidd	Asset Liability Modelling Training	1.0
<u>Employee Rep</u> Sherene Russell-Alexander	03/03/2023	Katharine Nidd	Induction	1.0
<u>Employee Rep</u> Gary Cummins	22/06/2022	Katharine Nidd	LGPS Governance, Regulatory Framework, Fund Administration and Fund Investment	1.0
	06/10/2022	Hymans Robertson	High Level Valuation Training	1.0
	14/12/2022	Katharine Nidd	Asset Liability Modelling Training	1.0
<u>Employer Rep</u> Rowann Limond	22/06/2022	Katharine Nidd	LGPS Governance, Regulatory Framework, Fund Administration and Fund Investment	1.0
	06/10/2022	Hymans Robertson	High Level Valuation Training	1.0
	03/11/2022	Pension Regulator	Pension Regulator Toolkit	7.0
	14/12/2022	Katharine Nidd	Asset Liability Modelling Training	1.0
<u>Employer Rep</u> Mark Adu-Brobbe	22/06/2022	Katharine Nidd	LGPS Governance, Regulatory Framework, Fund Administration and Fund Investment	1.0
	06/10/2022	Hymans Robertson	High Level Valuation Training	1.0
	14/12/2022	Katharine Nidd	Asset Liability Modelling Training	1.0

Member Progress against the Pension Regulator's Toolkit

Module	Stephen Warren	Salena Mulhere	Gary Cummins	Rowann Limond	Mark Adu-Brobby
Core modules					
Conflicts of interest	Pass			Pass	
Managing risk and internal controls	Pass			Pass	
Maintaining accurate member data	Pass			Pass	
Maintaining member contributions	Pass			Pass	
Providing information to members and others	Pass			Pass	
Resolving internal disputes	Pass			Pass	
Reporting breaches of the law	Pass			Pass	

Suggested Training and Events

Date	Time	Event	Organiser	Location	Cost & additional information	Web site
Anytime		The Pension regulator's Toolkit	The Pension Regulator	Online	Free	https://trusteetoolkit.thepensionsregulator.gov.uk/
23/04/2023	All day	Sustainable Investment Summit	Pensions Age	The Waldorf Hilton, London, WC2B 4DD	Free to attend: registration via website	https://sisummit.net/index.php
30/03/2023	All day	LGC Investment Seminar	Local Government Chronicle (LGC)	Carden Park, Cheshire	£700 - 1 night's accommodation £880 - 2 night's accommodation	https://investmentseminar.lgcplus.com/investment2
19/04/2023	All day	ESG and Sustainable Asset Strategies for Pension Funds	SPS Conferences	The View at the Royal College of Surgeons, London, WC2A 3PE	Free to attend upon request via website	https://www.spsconferences.com/conference-details-april-19-2023
25/04/2023 – 27/04/2023	All day	LGPS Pooling Symposium	DG Publishing	The Belfry Hotel and Resort, Sutton Coldfield, B76 9PR	Free to attend upon request via website	https://www.dgpublishing.com/lgps-pooling-symposium/
18/05/2023	All day	Infrastructure and Other Secured Income Investing Conference	SPS Conferences	The View at the Royal College of Surgeons, London, WC2A 3PE	Free to attend upon request via website	https://www.spsconferences.com/conference-details-may-18-2023
06/06/2023 – 08/06/2023	All day	PLSA Investment Conference 2023	PLSA	EICC, Edinburgh	Free to attend: registration via website - accommodation not included	https://www.plsa.co.uk/Events/Conferences/Invest

Terms of Reference: Lewisham Pension Board Reviewed March 2023

Introduction

1. This document sets out the terms of reference of the Local Pension Board of the London Borough of Lewisham (the 'Administering Authority') a scheme manager as defined under Section 4 of the Public Service Pensions Act 2013. The Local Pension Board (hereafter referred to as 'the Board') is established in accordance with Section 5 of that Act and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended).
2. The Board is established by the Administering Authority and operates independently of the Pension Investment Committee. Relevant information about its creation and operation are contained in these Terms of Reference.
3. The Board is not a committee constituted under Section 101 of the Local Government Act 1972 and therefore no general duties, responsibilities or powers assigned to such committees or to any sub-committees or officers under the constitution, standing orders or scheme of delegation of the Administering Authority apply to the Board unless expressly included in this document.
4. The Board shall be constituted separately from the Pension Investment Committee constituted under Section 101 of the Local Government Act 1972 with delegated authority to execute the function of the Administering Authority.

Interpretation

5. The following terms have the meanings as outlined below:

'the Act'	The Public Service Pensions Act 2013.
'the Code'	means the Pension Regulator's Code of Practice No 14 governance and administration of public service pension schemes.
'the Committee'	London Borough of Lewisham's Pension Investment Committee who has delegated decision making powers for the Pension Fund in accordance with Section 101 of the Local Government Act 1972.
'the Fund'	means the Pension Fund that is managed and administered by the London Borough of Lewisham as Administering Authority.
'the Guidance'	means the guidance on the creation and operation of local pension boards issued by the Shadow Scheme Advisory Board.

‘the Regulations’	means the Local Government Pension Scheme Regulations 2013 (as amended from time to time); the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended from time to time), including any earlier regulations as defined in these regulations to the extent they remain applicable and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended from time to time).
‘Relevant legislation’	means relevant overriding legislation as well as the Pension Regulator’s Codes of Practice as they apply to the Administering Authority and the Board, notwithstanding that the Codes of Practice are not legislation.
‘the Scheme’	means the Local Government Pension Scheme in England and Wales.

Statement of Purpose

6. The purpose of the Board is to assist the London Borough of Lewisham in its role as a scheme manager of the Scheme. Such assistance is to:
 - (a) secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pension Regulator in relation to the Scheme; and
 - (b) to ensure the effective and efficient governance and administration of the Scheme.

Duties of the Board

7. The Board should at all times act in a reasonable manner in the conduct of its purpose. In support of this duty Board members should be subject to and abide by the code of conduct for Board members.

Establishment

8. The Board was established on 1 April 2015.

Membership

9. The Board shall consist of 4 voting members, as follows:
 - 2 Scheme Representatives; and
 - 2 Employer Representatives.

10. There shall be an equal number of Member and Scheme Employer Representatives.
11. There shall also be one other member who will be appointed as Chair, who is not entitled to vote.

Scheme Member Representatives

12. Scheme Member representatives shall either be scheme members or have capacity to represent scheme members of the Fund.
13. Scheme Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
14. Substitutes shall not be appointed.
15. A total of 2 Scheme member representatives shall be appointed as follows:-
 - (a) 1 Scheme member representative shall be nominated by the trade union with the largest number of Lewisham Scheme members in its membership.
 - (b) 1 Scheme member representative shall be nominated by a transparent process open to all Fund members and approved by the Council.

Employer Representatives

16. Employer representatives shall be office holders or senior employees of employers of the Fund or have experience of representing scheme employers in a similar capacity. No officer or elected member of the London Borough of Lewisham who is responsible for the discharge of any function of the London Borough of Lewisham under the Regulations may serve as a member of the Board.
17. Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
18. Substitutes shall not be appointed.
19. A total of 2 employer representatives shall be appointed to the Board by the Council where all employers have been asked to submit their interest in undertaking the role of employer representative on the Board.

Other Members

20. The independent member (Chair) shall be appointed to the Board by the agreement of the London Borough of Lewisham.

21. Other members (who are not scheme member nor employer representatives) do not have voting rights on the Board.

Appointment of Chair

22. (a) Subject to the meeting arrangements in paragraphs 35 to 37 below a Chair shall be appointed for the Board using the processes listed below:
22. (b) An independent chair is to be appointed by the London Borough of Lewisham but shall count as an 'other' member under paragraphs 20-21 above. In this respect the term independent means having no existing employment, financial or other material interest in either the London Borough of Lewisham or any scheme employer in the Fund and not being a member of the Fund. The appointment of the Chair shall be subject to the passing of a motion to confirm by a majority of the employer and member representatives of the Board.

Duties of Chair

23. The Chair of the Board:
- (a) Shall ensure the Board delivers its purpose as set out in these Rules of Procedure.
 - (b) Shall ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered, and
 - (c) Shall seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached. Instances of a failure to reach a consensus position will be recorded and published.

Notification of appointments

24. When appointments to the Board have been made the London Borough of Lewisham shall publish the name of Board members, the process followed in the appointment together with the way in which the appointments support the effective delivery of the purpose of the Board.

Term of Office

25. Board members shall normally be appointed at the first AGM following a local Council election and serve until the first AGM after the next local Council election. Extensions to terms of office may be made by the London Borough of Lewisham with the agreement of the Board.
26. A Board member may be appointed for further terms of office using the methods set out in paragraphs 15 and 19.

27. Board membership may be terminated prior to the end of the term of office due to:
- (a) A member representative appointed on the basis of their membership of the scheme no longer being a scheme member in the Fund.
 - (b) A member representative no longer being a scheme member or a representative of the body on which their appointment relied.
 - (c) An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied.
 - (d) A Board member no longer being able to demonstrate to the London Borough of Lewisham their capacity to attend and prepare for meetings or to participate in required training.
 - (e) The representative being withdrawn by the nominating body and a replacement identified.
 - (f) A Board member has a conflict of interest which cannot be managed in accordance with the Board's conflict policy.
 - (g) A Board member who is an elected member becomes a member of the Committee.
 - (h) A Board member who is an officer of the London Borough of Lewisham becomes responsible for the discharge of any function of the London Borough of Lewisham under the Regulations.

Conflicts of interest

28. All members of the Board must declare to the London Borough of Lewisham on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.
29. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.
30. On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the London Borough of Lewisham shall ensure that any potential conflict is effectively managed in line with both the internal procedures of the Board's conflicts policy and the requirements of the Code.

Knowledge and understanding (including Training)

31. Knowledge and understanding must be considered in light of the role of the Board to assist the London Borough of Lewisham in line with the requirements outlined in paragraph 6 above. The Board shall establish and maintain a Knowledge and Understanding Policy and Framework to address the knowledge and understanding requirements that apply to Board members under the Act. That policy and framework shall set out the degree of knowledge and understanding required as well as how knowledge and understanding is acquired, reviewed and updated.
32. Board members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Board's knowledge and understanding policy framework.
33. Board members shall participate in such personal training needs analysis or other processes that are put in place in order to ensure that they maintain the required level of knowledge and understanding to carry out their role on the Board.

Meetings

34. The Board shall as a minimum meet 1 time each year, but may determine to meet more regularly.
35. The Chair of the Board with the consent of the Board membership may call additional meetings. Urgent business of the Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Board, including telephone conferencing and emails.

Quorum

36. A meeting is only quorate when at least 50% of both scheme member and employer representatives are present.
37. A meeting that becomes inquorate may continue but any decisions will be non-binding.

Board administration

38. The agenda and supporting papers will be issued at least 5 working days (where practicable) in advance of the meeting except in the case of matters of urgency.
39. Draft minutes of each meeting including all actions and agreements will be recorded and circulated to all Board members. These draft minutes will be subject to formal agreement by the Board at their next meeting. Any decisions made by the Board should be noted in the minutes and in addition where the Board was unable to reach a decision such occasions should also be noted in the minutes.

40. The minutes may with the agreement of the Board, be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.
41. Officers shall arrange such advice as is required by the Board subject to such conditions as are listed in these Terms of Reference for the use of the budget set for the Board.
42. Officers shall ensure an attendance record is maintained along with advising the London Borough of Lewisham on allowances and expenses to be paid under these terms.

Public access to Board meetings and information

43. Generally the public will be given access to Board meetings, if they would be entitled to access to its meeting
44. Observers are welcome to record any part of any board meeting that is open to the public. The Council cannot guarantee that anyone present at a board meeting will not be filmed or recorded by anyone who may then use the image or sound recording.
45. The following will be entitled to attend Board meetings in an observer capacity:
 - (a) Members of the Pensions Investment Committee;
 - (b) Any person requested to attend by the Board.

Any such attendees will be permitted to speak at the discretion of the Chair.

46. In accordance with the Act the London Borough of Lewisham shall publish information about the Board to include:
 - (a) The names of Board members and their contact details.
 - (b) The representation of employers and scheme members on the Board.
 - (c) The role of the Board.
 - (d) These Terms of Reference.
47. The London Borough of Lewisham shall also publish other information about the Board including:
 - (a) Agendas and minutes
 - (b) Training and attendance logs
 - (c) An annual report on the work of the Board to be included in the Fund's own annual report.

48. All or some of this information may be published using the following means or other means as considered appropriate from time to time:
- (a) On the Fund's website.
 - (b) As part of the Fund's Annual Report.
 - (c) As part of the Governance Compliance Statement.
49. Information may be excluded on the grounds that it would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

Expenses and allowances

50. The London Borough of Lewisham will reimburse the reasonable travel expenses of Board members in line with the London Borough of Lewisham's policy on expenses as set out in the Council's Constitution.
51. The London Borough of Lewisham shall pay to the Chair of the Pension Board an allowance equivalent to that paid to a co-opted member of the Standards Committee. In 2017/18 this is £600 per annum. Other members of the Board shall not receive any remuneration.

Budget

52. The Board is to be provided with adequate resources to fulfil its role. In doing so the budget for the Board will be met from the Fund. The full Council will approve its budget on an annual basis. The budget will be managed by and at the discretion of the Board.

Core functions

53. The first core function of the Board is to assist the London Borough of Lewisham in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme.
54. The second core function of the Board is to assist in the effective and efficient governance and administration of the Scheme.
55. In support of its core functions the Board may make a request for information to the Committee or Council officers with regard to any aspect of the London Borough of Lewisham's function. Any such request should be reasonably complied with in both scope and timing subject to data protection.
56. In support of its core functions the Board may make recommendations to the Committee or Council officers which should be considered and a response made to the Board on the outcome within a reasonable period of time.

Reporting

57. The Board should in the first instance report its requests, recommendations or concerns to the Committee or Council officers. In support of this any member of the Board may attend a Committee meeting as an observer.
58. Requests and recommendations should be reported under the provisions of paragraphs 57 and 58 above.
59. The Board should report any concerns over a decision made by the Committee to the Committee subject to the agreement of at least 50% of voting Board members provided that all voting members are present. If not all voting members are present then the agreement should be of all voting members who are present, where the meeting remains quorate.
60. On receipt of a report under paragraph 60 above the Committee should within a reasonable period, consider and respond to the Board.
61. Where the Board is not satisfied with the response received it may request that a notice of its concern be placed on the website and in the Fund's annual report.
62. Where the Board is satisfied that there has been a breach of regulation which has been reported to the Committee under paragraph 60 and has not been rectified within a reasonable period of time it is under an obligation to escalate the breach.
63. The appropriate internal route for escalation is to the Monitoring Officer.
64. The Board may report concerns to the LGPS Scheme Advisory Board for consideration subsequent to, but not instead of, using the appropriate internal route for escalation.
65. Board members are also subject to the requirements to report breaches of law under the Act and the Code and the whistleblowing provisions set out in the London Borough of Lewisham's whistleblowing policy.

Review of terms of reference

66. These Terms of Reference shall be reviewed on each material change to those part of the Regulations covering local pension boards and at least every 12 months.
67. These Terms of Reference were adopted at a meeting of the London Borough of Lewisham on 6 March 2018 to be effective immediately.

Agenda Item 7

PENSION BOARD			
REPORT TITLE	Pensions Board – General Update		
KEY DECISION	No	Item No:	
WARD	N/A		
CONTRIBUTORS	Katharine Nidd - Head of Strategic Finance, Planning and Commercial Shida Ashrafi - Interim Head of Pensions and Payroll		
CLASS	Part 1	Date:	16 March 2023

1. PURPOSE

- 1.1. This paper presents any standing items on the agenda and provides the Board with an update on several general matters to have arisen since the last meeting.

2. RECOMMENDATIONS

- 2.1. Members are recommended to:

- note the changes to the Statement of Accounts 2021/22 as presented to Council on the 18 January 2023;
- note the draft report template for the reporting late payment of pension contributions;
- note the Retendering advisory and actuarial services;
- note the Net Zero Target Setting report;
- note the draft Responsible Investor Beliefs Statement.

3. CURRENT CONSIDERATIONS

2021/22 Statement of Accounts and Annual Report

- 3.1. The draft Pension Fund Statement of Accounts for the year 2021/22 were presented to the Pension Board at the December 2022 meeting. The audit of these had commenced but had not yet concluded at that point.
- 3.2. On the 18 January 2023 the draft 2021/22 Statement of Accounts and Annual Report were tabled at Full Council, with the recommendation that Council approve delegation to the Section 151 Officer, in consultation with the Chair of the Audit Panel, to agree any changes to agreed audit adjustments included within the addendum, and to agree the final Statement of Accounts for publication.

3.3. The draft Pension Fund Accounts as presented to the Council had been amended from those presented to the Pension Board in December and the main changes were the following:

- The valuation of the fund has increased by £2.5m from £1,747m to £1,750m due to an adjustment to the valuation of the funds.
- The employer contributions were overstated by £9m and this was compensated by the transfers out being overstated by £9m. Therefore there was a net change in dealings with members of £9k.
- The above changes have been recognised in the changes to the relevant notes throughout the accounts.

3.4. The audit was nearing completion and it was not expected that there will be substantive amendments made to the draft accounts tabled at Council. Therefore the Pension Investment Committee was asked to i) note these changes from November 2022, ii) note that Council has delegated to the Section 151 Officer the approval and agreement of the final Statement of Accounts for 2021/22, and iii) agree that the Chair will, in consultation with officers, agree the final Pension Fund Annual Report 2021/22 for publication.

4. Reporting late payment of contributions

4.1. There is a requirement under the Pension Regulator's Code of Practice to have a recorded process for monitoring payment failures and the reporting of material payment failures to the regulator and members.

4.2. The Codes of practice are not statements of the law and there is no penalty for failing to comply with them. However there is a duty on managers to report material failures to pay contributions timely and within a 'reasonable period' within which to report to the regulator and members.

4.3. The draft procedure template (See Appendix 1) sets out what is required such as:

- Process to monitor contributions
- Scheme set up process
- Action taken to resolve overdue contributions
- How is information provided to members
- Reporting material payment failures
- Defining a 'reasonable period' for reporting to the regulator and members
- Method of reporting to the regulator

4.4. The draft procedure template will be completed by officers and brought back to the next Pension Board.

5. Retendering advisory and actuarial services

5.1. This activity had been placed on hold due to the triennial valuation and the detailed work being undertaken by the actuary. This work is concluding and it is intended that officers will begin the process of procuring new advisory and actuarial services contracts. It is intended that the new contract will be in place to support the detailed

planning and delivery of the implementation of the new investment strategy and principles which are in the process of being developed.

- 5.2. The Pension Investment Committee agreed that officers can proceed with the procurement of actuarial and investment advisory services using the National Framework for LGPS Procurement, using Lots 1 – 3 on the Actuarial Benefits and Governance Framework and Lots 1 – 2 on the Investment Management Framework, and delegate to the Executive Director for Corporate Resources the award of the relevant advisory support contracts.
- 5.3. An assessment of procurement options has been undertaken and these, and the preferred option is set out below.

Option 1: Do Nothing

The current contract has now expired and can no longer be further extended. The Pension Regulations require that the Council has regard to the proper advice of its expert independent advisors in relation to decisions affecting the Pension Fund, and therefore a new contract must be properly procured and put in place in order to comply with the Regulations.

Option 2: Council led procurement

The Council has a central procurement service who would be able to support officers to undertake a Council led tender process. However, the specialist nature of these services, and the requirement to run a procurement process compliant with UK legislation (given the value of the procurement) which would take approximately 6 – 9 months means that this would be more resource intensive and costly than the use of an existing compliant framework.

Option 3: Use of Compliant Framework

There are a number of established frameworks which are available to the Council, and which have been established via a Public Contracts Regulations 2015 compliant process which has already demonstrated value for money. Officers have reviewed a number of these and determined that the preferred framework is the National Framework for LGPS Procurement. This framework has been established by 13 LGPS funds (the founding authorities); including the London Borough of Hackney, and is a not-for-profit enterprise established to support LGPS funds secure high-quality, value for money independent expert advisors. Contracts awarded under this framework can have a contract length of up to 7 years for investment support and 10 years for actuarial support, but also contain a 'no fault' break clause enabling termination with 3 months notice.

- 5.4. Officers consider that Lots 1 - 3 on the Actuarial Benefits and Governance Framework and Lots 1 – 2 on the Investment Management Framework would provide the range of services required by the Fund. A further benefit of the framework is that it allows for either two tenders for each of actuarial and advisory services, or the potential to indicate that you wish to appoint a single provider for both. Procurement will be via a mini tender competition estimated to take approximately 4 – 6 weeks.
- 5.5. Whilst the Framework is a not-for-profit enterprise there is a once off fee payable upon use of the Framework to cover the costs of establishing and administering it, and these would be £3k for actuarial and £5k for investments, however the efficiency gained via the use of an established framework with competitively tendered pricing structures justifies the fee payable.
- 5.6. There are a number of reputable providers on each relevant framework Lot, for Lots 1 – 3 on the Actuarial Benefits and Governance Framework this includes: Aon

Solutions UK Limited, Barnett Waddingham LLP, Hymans Robertson and Mercer Limited. For Lots 1 – 2 on the Investment Management Framework this includes: Aon Solutions UK Limited, Barnett Waddingham LLP, Hymans Robertson LLP, Bfinance, Isio, Mercer Limited and Redington.

6. Net Zero Target Setting

- 6.1. The Pension Investment Committee received a copy of the draft Responsible Investor Beliefs statement for consideration and agreed the report.
- 6.2. The statement states that “the Fund believes that it is necessary and desirable to set a net-zero investment emissions target. It will prioritise this activity to ensure a credible plan for the delivery of an agreed net zero objective is constructed.”
- 6.3. The setting of a net-zero target, as with the agreement of any key target or strategic aim, is not to be undertaken lightly. It is important that in setting this target that PIC has both the requisite level of understanding of the complexities within this area, as well as the relevant level of data in order to be able to make a considered and informed decision.
- 6.4. Therefore, officers and Hymans Robertsons, recommended to PIC that over the next 3 – 6 months the following main tasks would be undertaken.
- 6.5. Training and Discussion (March – April 2023). There will be a specific session or workshop for PIC on “**Net Zero considerations**” to be held with Hymans Robertson and the **Pension Board** will also be invited as part of a training and leaning opportunity.
- 6.6. The Net-Zero workshop will include consideration of the following:
 - the difference between possible target dates;
 - reliance on offsets if the Fund chooses a very early commitment (i.e.2030);
 - availability of net zero investment options;
 - the difference between the Council’s net zero commitment versus the net zero commitment from the Pension Fund (focusing specifically on control and geography amongst other considerations).
- 6.7. Carbon Baseline (February – May 2023). The Fund has not undertaken a carbon baseline assessment for a number of years, and not since the completion of the key objective of achieving the transfer of equities into low carbon mandates. It is vital that in setting a net zero target that PIC understand what the current carbon baseline is in order to understand what a challenging, but achievable target date might be. Officers are seeking to instruct this carbon baseline, which will be undertaken on the Funds assets as at the 31 March 2023, and is expected to be available for the PIC’s consideration in the May or June meeting.
- 6.8. The results of the carbon baseline should be available for presentation to PIC at its next meeting. This will give the members of PIC a better understanding and knowledge and together with the updated relevant data it will enable them to set the Fund’s net zero target. The results of the work undertaken will be brought back to the Pension Board at a later meeting.

7. Responsible Investor Beliefs Statement

- 7.1. The Pension Investment Committee members responded anonymously to the survey issued in November 2022, the results were aggregated and each statement was given an average score out of 5, with anything above 4 deemed to have sufficient interest to warrant inclusion as a belief. Anything above 3.5 was debated in further detail at the meeting as a “potential” inclusion, and anything below 3.5 was excluded by virtue of clear lack of collective support. It was agreed that the results of the survey, would be used to support the creation of the draft RI Beliefs appended to this report.
- 7.2. The Funds advisors, Hymans Robertson, used the outcomes from the survey and the subsequent discussion from the workshop on the 25 January 2023 to prepare the draft Responsible Investment Beliefs which as approved by the members of PIC. See Appendix 2
- 7.3. It was agreed that the updated Investment Strategy Statement and the Responsible Investment Policy should be published on the Pension Fund’s web site.

8. FINANCIAL IMPLICATIONS

- 8.1. There are no direct financial implications arising from this report.

9. LEGAL IMPLICATIONS

- 9.1. There are no direct legal implications arising from this report.

10. CRIME AND DISORDER IMPLICATIONS

- 10.1. There are no crime and disorder implications directly arising from this report.

11. EQUALITIES IMPLICATIONS

- 11.1. There are no equalities implications directly arising from this report.

12. ENVIRONMENTAL IMPLICATIONS

- 12.1. There are no environmental implications directly arising from this report.

APPENDICES

Appendix 1 – Process for monitoring payment failures template

Appendix 2 – Draft Responsible Investment Beliefs

FURTHER INFORMATION

If there are any queries on this report or you require further information, please contact either:

Katharine Nidd, Head of Strategic Finance, Planning and Commercial at
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Shida Ashrafi - Interim Head of Pensions and Payroll at
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Chris Flower, Treasury & Investments Manager at:
Chris.Flower@lewisham.gov.uk

APPENDIX

Lewisham Pension Board - Work Programme – March 2023

	OPERATIONAL	Officer leading	Qtr 1 - Mar 2023	Qtr 2 June 2023	Qtr 3 Sept 2023	Qtr 4 Dec 2023
1	Draft Pension Fund Statement of Accounts	KN			X	
2	Pension Fund Annual Report (must be published by 1 December): Includes: <ul style="list-style-type: none"> • Administration update (including KPI monitoring) • Final Statement of Accounts • Pension Board Annual Report • Governance Compliance Statement 	KN			X	
3	Monitoring of Investment Performance: <i>see Hymans Robertson Performance Reports reported to PIC</i>	KN	X	X	X	X
4	Progress Reports on the Arrangements for Pooling	KN		X		
5	Risk Management Policy	KN/SA		X		
6	Risk Register	KN/SA		X		
7	Data improvement plan update	SA	X			

	STRATEGIC Policies, where available, can be found at the following site: https://www.lewishampensions.org/resources/	Officer leading	Qtr 1 Mar 2023	Qtr 2 Jun 2023	Qtr 3 Sept 2023	Qtr 4 Dec 2023
8	Process to assess the materiality of any payment failures and ensure that those which are material are reported to the Regulator within a reasonable period	SA/KN	X	X		
9	Draft Funding Strategy Statement: Must be updated at least every 3 years (in line with the triennial valuation)	KN	X			
10	Terms of Reference and Membership of the Board Should be reviewed at least annually, and then published on the website	KN	X			
11	Administration Strategy (To be created)	SA	X			

Agenda Item 10



Pension Board

Exclusion of the Press and Public

Date:

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Chief Executive / Head of Business and Committee

Outline and recommendations

Members are asked to note items that will be considered in closed session

Recommendation

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:-

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