



PENSION BOARD

Date: MONDAY, 26 JUNE 2023 at 2.00 pm

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

**Enquiries to: Hajera Khan
Email: Hajera.khan@lewisham.gov.uk**

MEMBERS

Stephen Warren
Mark Adu-Brobbey
Gary Cummins
Rowann Limond
Sherene Russell Alexander

Members are summoned to attend this meeting

**Jeremy Chambers
Director of Law and Corporate Governance
Lewisham Town Hall
Catford
London SE6 4RU
Date: 16 June 2023**



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.

ORDER OF BUSINESS – PART 1 AGENDA

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Lewisham



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Agenda Item 1

PENSION BOARD			
Report Title	Minutes		
Key Decision			Item No. 1
Ward			
Contributors	CHIEF EXECUTIVE		
Class	Part 1	Date: 26 June 2023	

Recommendation

That the Minutes of the meeting of the Pension Board, which was open to press and public, held on 16 March 2023 (copy attached) be confirmed and signed as a correct record.

DRAFT MINUTES OF THE PENSION BOARD

Thursday 16 March 2023 at 2pm

PRESENT: Stephen Warren, Sherene Russell-Alexander

Also present: Katharine Nidd, Chris Flower, Shida Ashrafi, Samantha Harlow

In attendance virtually: Gary Cummins, Mark Adu-Brobbey

Apologies: Rowann Limond

1. Minutes

The Minutes of the last meeting were agreed.

2. Declarations of Interest

No interests are declared.

3. Action Log

3.1. The Service Group Manager for Pensions and Payroll gave a verbal progress update stating that in the last financial year, the pension administration did not have an internal audit- the process had taken place last year and a comprehensive audit was done. The low priority recommendation was that the auditors required a report to be run from Altair by officers as of 31 March every year.

3.2. On the Administration strategy, the SGM stated that provisional timelines have been provided. The actions and needs to be communicated with employers and these actions will be on the agenda for the June meeting.

3.3. RESOLVED the provisional administration strategy with timeframes to be circulated to Board before the next meeting.

3.4. There will be a low carbon focus workshop for PIC members for which Pension Board members will be invited.

4. Breaches Log

4.1. RESOLVED that there were no breaches to report.

5. Training Log

5.1. The completion of toolkit assessment is outstanding for 2 of the Board members. The Chair urged Board members to complete this and stated it would be beneficial for their role on the Board. The new Board member will have 6 months to complete.

6. Terms of Reference

- 6.1. The HFSPC highlighted that the Board has a duty to review annually. Officers highlighted changes: the date had been removed to be replaced with date of appointment and replaced with how appointments are made; it also highlights how the appointment notification works; the changes of Lewisham Homes referring back into the Council may require the Council to make changes to the Terms of Reference as well as the appointment of employer representatives.
- 6.2. Members had no further comments to add. The Chair stated that the Board should defer final consideration to next meeting with officer's proposals, to give time to the context added in the meeting.

7. General Update

- 7.1. The HFSPC presented the report and discussed the following recommendations: to note changes to statement of accounts; note the draft report template for reporting breaches of late payment; note the retendering of advisory and actuarial service; note the net zero target setting and note the draft investor belief statements.
- 7.2. It was discussed that the audit of accounts had not been signed off. The accounts were re-presented to PIC in February and it was agreed to delegate to section 151 officer to sign off.
- 7.3. The key changes were that the fund valuation had an increase by £2.5m. It was concluded that audit had been completed and ready to be signed off and that completion of the accounts would be by end of March.
- 7.4. The Board discussed the report of payment failures template. The template captured what the requirements are. It was said that a full report will be at Board in June after finalised. Consideration of materiality, in terms of the amount outstanding and in terms of the relative size of the outstanding amount. The report will also define a reasonable period for outstanding pension contributions to be paid.
- 7.5. The Board then discussed tendering of the actuarial and advisory contracts and the use of a framework. Officers stated that it was determined the LGPS national framework was the preferred framework. There was an option to seek own provider with a small fee attached. It was said that there are pros and cons to both options but the national framework comes with a no-fault break clause.
- 7.6. The officer then discussed that the PIC is clear on its intent for a net zero target which officers support. It is important for the Pension Investment Committee to set a target that is realistic especially understanding the complexities and risks associated with the decision. In March/April it was discussed that net zero considerations workshop led by Hymans will take

place with Pension Board to be invited. This would help set a clear indication of where the Fund is and the appropriate net-zero target.

7.7. The officer then discussed the responsible investor belief statements. A questionnaire was distributed to PIC to understand their ideas and targets for the statement. A workshop also took place in January. The draft belief statement by Hymans has now been adopted.

7.8. RESOLVED the report be noted.

8. Work Programme

8.1. RESOLVED the report be noted.

9. AOB and Future Meeting Date

9.1. The following meeting dates in June and September had been changed to 26 June and 25 September.

9.2. RESOLVED the report be noted.

10. Exclusion of Press and Public

10.1. 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- General Update Part 2

10.2. RESOLVED the Board agreed to exclude the press and public.

11. General Update Part 2

11.1. It was the officer recommendation to review and note the items of the report.

11.2. There was a detailed discussion on PIC's "Meet the Manager Session" with Schroders. The HFSPC summarised the presentation which was detailed in the report. She commented that there was very good engagement from PIC, who asked detailed questions around property markets and property funding.

11.3. RESOLVED that the report be noted.

PENSION BOARD			
Report Title	Declarations of Interest		
Key Decision			Item No. 2
Ward			
Contributors	CHIEF EXECUTIVE		
Class	Part 1	Date: 26 June 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 in habitants 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 June 2023

No.	Date of meeting	Action from Meeting	Owner	Comments	Expected date of completion	Date completed
1	March 2023	Terms of Reference - bring back to next Board meeting.	KN	Included in the General Report	June 2023	
2	March 2023	Policy for reporting Late Payment of Contributions	KN/SA	The Policy has not been completed so moved to the next meeting	September 2023	
3	March 2023	Administration Strategy	SA	Update will be provided in General Report	September 2023	
4	March 2023	Data improvement plan	SA	Update will be provided in General Report	September 2023	
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
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	April 2022	Pension Regulator	Pension Regulator Toolkit	7.0
	April 2022	Pension Regulator	Pension Scams	1.0
	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/
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
14/06/2023 – 15/06/2023	All day	Sustainable Investment Festival 2023	Professional Pensions	London (Venue TBC)	Free to attend: registration via website	https://sustainableinvestmentfestival.co.uk/sif2023/e
26/06/2023 – 28/06/2023	All day	Local Authority Conference 2023	PLSA	De Vere Cotswold Waterpark, Gloucestershire	£495	https://www.plsa.co.uk/Events/Conferences/Local-Authority-Conference
04/07/2023 – 06/07/2023	All day	Annual Conference and Exhibition	LGA	Bournemouth International Centre	£560	https://lgaevents.local.gov.uk/lga/frontend/reg/thome.csp?pageID=540419&eventID=1563
04/09/2023 – 05/09/2023	All day	London CIV Annual Conference	London CIV	TBC	Free	www.londonciv.org.uk

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:	26 June 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 current position regarding the Statement of Accounts 2021/22;
- to agree the Pension Board Terms of Reference;
- note the Funding Strategy Statement report;
- note the Investment Strategy Statement report;
- note the Annual Business Plan 2023/24.

CURRENT CONSIDERATIONS

3. 2021/22 Statement of Accounts and Annual Report

- 3.1. The audit has not yet concluded due to a national issue in the valuation of the pension fund liability as at 31 March 2022. The Actuaries have reviewed the pension valuations and revised the Council's pension liability and life expectancy assumptions. The notes in the main Statement of Accounts have been amended to reflect the change in the Council's pension liability.
- 3.2. The Pension Fund Accounts life expectancy assumption note has been amended to reflect the change in the revised liability calculations. There has been not a change to the Pension Fund Annual report.
- 3.3. The auditors are holding the completed Statement of Accounts until they are satisfied on how to reflect these changes across all local authority accounts. Once they are satisfied the auditors will sign the accounts.

- 3.4. It remains that the Council has delegated to the Section 151 Officer the approval and agreement of the final Statement of Accounts for 2021/22, and to agree that the Chair will, in consultation with officers, agree the final Pension Fund Annual Report 2021/22 for publication.
- 3.5. PIC note the report at their meeting in June 2023.

4. Pension Board Terms of Reference

- 4.1. There have been minor changes to the Terms of Reference.
- 4.2. An Employer Representative will be standing down as Lewisham Homes Ltd will be taken back into the Council's operation and therefore will no longer be an employer. Clauses 16 – 19 sets out the process of appointing another employer representative. It is proposed to write to the larger employers of the scheme offering them an opportunity for someone to become a member of the Pension Board.

5. Funding Strategy Statement (FSS)

- 5.1. The triennial valuation has completed and the results of this were presented to the Pension Investment Committee (PIC) in draft form in November 2022 and in final form in February 2023. In addition to the results of the valuation, PIC was presented and reviewed the draft Funding Strategy Statement (FSS) at the February meeting.
- 5.2. A delegation was provided to the Executive Director of Corporate Resources to agree any final changes to the draft FSS to enable the publication of this by the statutory deadline of the 31 March 2023.
- 5.3. PIC noted that the FSS was finalised, with no substantive changes to the draft reviewed by the Committee, and that it has been published on the Fund's website as required.

6. Investment Strategy Statement (ISS)

- 6.1. The ISS was updated and approved by PIC in June 2022, following detailed discussion and agreement with the Committee.
- 6.2. The triennial valuation results have not necessitated material changes to the Fund's asset allocation and therefore to the ISS, but the Committee has since developed and adopted a Responsible Investment Beliefs Statement which supports the ISS.
- 6.3. The ISS report includes the newly adopted Responsible Investment Beliefs Statement as an appendix to create a single document. (see Appendix 1) This provides greater clarity and understanding of how the PIC's beliefs support and underpin the Fund's ISS and so PIC was asked to note that these have now been published as a single document.
- 6.4. PIC approved the report at their meeting in June 2023.

7. Data improvement plan update

7.1. Verbal update from Officers

8. Administration Strategy update

8.1. Verbal update from Officers

9. Annual Business Plan 2023-24

9.1. The Business Plan (see Appendix 2) sets out the work undertaken by the Pension Investment Committee during 2023/24 and the Business Plan is reviewed and updated annually.

9.2. The Business Plan list the major milestones for the fund in 2023/24 and lists the required policies and reports that are required:

List of Policies and Reports

Policies and Reports	Provided by	Approval required by:	Timetable	Review every
Acceptance of the triennial valuation report produced by the Fund Actuary	Actuaries	Officers	January 2023	3 years
Funding Strategy Statement*	Pension Advisors	PIC	March 2023	3 years
Investment Strategy Statement*	Officers	PIC	June 2023	3 years
Communications Strategy*	Officers	PIC	November 2022	3 years
Pension Administration Strategy*	Officers	PIC	Sept 2023	3 years
Annual Business Plan*	Officers	PIC	June 2023	1 years
Annual Report and Statement of Accounts (by 1 December)*	Pension advisors and Officers	PIC	November 2022	1 Year
Governance compliance statement*	Officers	PIC	November 2022	1 years
Review the appointment of Additional Voluntary Contribution providers.	Officers	Officers	June 2023	5 years
Review the appointment of investment managers, consultants and the custodian.	Officers	Officers	June 2023	5 years

*Required by the Pension Regulator

9.3. The Business Plan provides Administrative Targets:

- Members to attend at least 75% of Pension Committee meetings each year.
- Draft committee minutes to be issued within seven weeks of a meeting
- Committee papers to be sent out at least five working days before a meeting.

- To regularly review and agree changes to strategy/policy documents. All strategy/policy documents will be considered by Committee at least every three years, even if no changes are recommended.
- 9.4. The business plan covers the members knowledge, development and training and the PIC intends that each member completes a Knowledge and Skills assessment so that future training can be directed at any gaps in knowledge.
- 9.5. PIC discussed the report at their June meeting and queried the definition of attendance and quired if this included members who attended remotely. The attendance target is a minimum of 75% and members asked if officers could check if with the Corporate Governance regarding attendance criteria. Officers have since checked with the Director of Law & Corporate Governance and he agreed that this was for the PIC to agree internally as it is not connected to the constitutional requirements.

10. Retendering advisory and actuarial services

- 10.1. The retendering of the advisory and actuarial services contracts will commence in June and is expected to be completed by September 2023.

11. FINANCIAL IMPLICATIONS

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

12. LEGAL IMPLICATIONS

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

13. CRIME AND DISORDER IMPLICATIONS

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

14. EQUALITIES IMPLICATIONS

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

15. ENVIRONMENTAL IMPLICATIONS

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

APPENDICES

Appendix 1 – Investment Strategy Statement

Appendix 2 – The Annual Business Plan 2023-24

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

Katharine.Nidd@lewisham.gov.uk Page 16

Shida Ashrafi - Interim Head of Pensions and Payroll at
Shida.Ashrafi@lewisham.gov.uk

Chris Flower, Treasury & Investments Manager at:
Chris.Flower@lewisham.gov.uk

APPENDIX

Lewisham Pension Board - Work Programme – June 2023

	OPERATIONAL	Officer leading	Qtr 2 June 2023	Qtr 3 Sept 2023	Qtr 4 Dec 2023	Qtr 1 - Mar 2024
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	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 Register	KN/SA	X		X	
6	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 2 Jun 2023	Qtr 3 Sept 2023	Qtr 4 Dec 2023	Qtr 1 Mar 2024
7	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			
8	Terms of Reference and Membership of the Board Should be reviewed at least annually, and then published on the website	KN	X			
9	Administration Strategy (To be created)	SA	X			
10	Annual Business Plan	KN	X			X

Agenda Item 10

PENSION BOARD			
Report Title	Exclusion of the Press and Public		
Key Decision			Item No. 12
Ward			
Contributors	Chief Executive		
Class	Part 2	Date: 26 June 2023	

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:-

12. General update – part two

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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