

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