

PENSION BOARD			
REPORT TITLE	Pensions Board – General Update		
KEY DECISION	No	Item No:	
WARD	N/A		
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CLASS	Part 1	Date:	25 September 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;
- note the current position regarding the Statement of Accounts 2022/23
- note the draft Administration Report;
- Note the draft Net Zero Policy;
- Note the LGPS Consultation ‘Next Steps on Investments’;
- Note the Pension Board representation.

CURRENT CONSIDERATIONS

3. 2021/22 Statement of Accounts and Annual Report

- 3.1. The Annual Report and Accounts 2021/22 for the London Borough of Lewisham Pension Fund have been signed by the auditors and been published.
- 3.2. There have been no further changes to the Annual Report and Accounts since the accounts were reported to the Board at the June meeting.
- 3.3. The Annual Report and Accounts have been published on the Lewisham Pension Fund web site: <https://www.lewishampensions.org/resources/>
- 3.4. PIC noted the report at their meeting in September 2023.

4. 2022/23 Statement of Accounts and Annual Report

- 4.1. Work on the audit of the Lewisham Pension Fund Accounts 2022/23 has started and the main audit work will take place in September and October.
- 4.2. The Annual Report must be published by 1 December 2023 so it will be presented at the November Pension Investment Committee meeting.

5. Draft Administration Report

- 5.1. The administration report has not been completed and you will notice that some sections are blank because the report has not been completed and the board may be able to assist with any wording. See Appendix 4.
- 5.2. This is an opportunity to review the administration strategy in draft before it is completed and goes to the Pension Investment Committee.

6. Draft Net Zero Policy

- 6.1. In June 2023 members of the Pension Investment Committee (PIC) discussed the Baseline results of what has been achieved so far and the Net Zero Pathway that shows the likely outcome of the current investment decisions.
- 6.2. The setting of a Net Zero Policy was discussed at the June PIC meeting but it was decided to hold an additional workshop meeting in August 2023 to allow members time for further questions and discussion.
- 6.3. Hymans Robertson has updated the draft New Zero Policy see Appendix 3.
- 6.4. At the September PIC meeting members had further questions and requested clarification and that other small changes be made to the policy. It was agreed that the Net Zero Policy would be updated again and agreed with the Chair and the final Net Zero Policy would be brought back to the next meeting to be ratified.

7. LGPS Consultation (England and Wales): Next Steps on Investments

- 7.1. The government consultation on Local Government Pension Scheme (LGPS) Local Government Pension Scheme (England and Wales): Next steps on investments - GOV.UK (www.gov.uk) investments has been issued and Hymans have published a briefing note for consideration the main points are listed below: See Appendix 2.
- 7.2. The consultation states that pooling should be completed as quickly and extensively as possible, where it is achieving clear benefits for funds. The government supports pooling and has a desire for the pace to increase. The previous requirement for pools to have AUM of £25 billion has increased to £50-£75 billion and currently the London CIV has AUM of £28 billion.
- 7.3. There is a possible requirement for liquid assets to be pooled by 31 March 2025.
- 7.4. The government needs to consider its approach on the use of passive assets.

- 7.5. The government has proposed that pools specialise in areas of in-house management where they are particularly strong. This could allow pools to dedicate greater focus and resources on their own area of specialism and allow for greater pooling of assets in each area.
- 7.6. High level investment strategy decisions including setting investment objectives and risk appetite should remain with pensions committees.
- 7.7. The government needs to provide clarity on financing support for Levelling Up and what is the role of LGPS.
- 7.8. It's not appropriate for government to prescribe allocations to specific asset classes, given the fiduciary responsibilities of individual authorities.
- 7.9. The government in its consultation has a preference for a single model of pooling based on an asset manager with significant assets under management that it has full responsibility for, that itself is fully owned by its member funds. One single approach may not be better than the rest. There is strength in having different approaches and this should be preserved.
- 7.10. Further clarification from government on role and scope of private equity investments would be useful. There is a suggestion that that private equity should be increased to 10% (Lewisham Pension Fund is 3%).
- 7.11. The Pension Investment Committee (PIC) discussed the consultation and had concerns in the following areas:
 - a) the time scale to have the pooling of all liquid assets transferred by March 2025 did not give much time for the correct authorisation and legal processes to take place.
 - b) the greater scale of Pooling to +£50bl may not lead to better investment returns.
 - c) there were concerns that the proposals would be a concentration risk.
 - d) Consolidating Pools maybe difficult and will require the shareholders (Local Authorities) of the Pools to agree after taking professional and legal advice.
 - e) Levelling Up requirement to invest up to 5% to support local project may be difficult and may take a long time to find the local projects.
 - f) The Government wants to increase investment in private equity to 10% and this would increase the risk profile of the investments.
- 7.12. Officers and advisors will respond to the consultation by the deadline of 2 October 2023.

8. Pension Board Representation

- 8.1. Rowann Limond the former Finance Director at Lewisham Homes no longer works for Lewisham Homes so is no longer an Employer representative. Therefore, we are looking for a new Employer representative to join the Pension Board.

8.2. Officers have written to all the Admitted and Scheduled Bodies to see if anyone is interested in joining the board.

9. FINANCIAL IMPLICATIONS

9.1. There are no direct financial implications arising from this report.

10. LEGAL IMPLICATIONS

10.1. There are no direct legal implications arising from this report.

11. CRIME AND DISORDER IMPLICATIONS

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

12. EQUALITIES IMPLICATIONS

12.1. There are no equalities implications directly arising from this report.

13. ENVIRONMENTAL IMPLICATIONS

13.1. There are no environmental implications directly arising from this report.

APPENDICES

Appendix 2 – LGPS Consultation summary from Hymans Robertson

Appendix 3 – Draft Net Zero Policy

FURTHER INFORMATION

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

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