

MINUTES OF THE PENSION BOARD

Friday, 15 December 2023 at 11.30 am

PRESENT: Stephen Warren and Mark Adu-Brobbey .

MEMBER(S) PRESENT REMOTELY: Sherene Russell-Alexander

OFFICER(S) PRESENT IN PERSON: Chris Flower (treasury & Investment Manager); Shida Ashrafi (Pensions & Payroll Service Group Manager), Samantha Harlow (Pensions & Payroll Manager), and Jasmine Kassim (Senior Committee Manager)

OFFICER(S) PRESENT REMOTELY: Katherine Nidd (Director of Finance) and Tony McGuinness (Head of Financial Strategy, Planning and Commercial).

Apologies for absence were received from Mark Booker and Gary Cummins.

1. Minutes

RESOLVED that the Minutes of the meeting of the Pension Board held on 25 September 2023 be confirmed, agreed, and signed as an accurate record.

2. Declaration of Interest

No interest was declared at the meeting.

3. Breaches Log

The Board received an update report relating to the Breaches Log, and a confirmation from the Treasury and Investment Manager that there had been no occurrence of a breach since the last meeting.

RESOLVED that the report be noted.

4. Action Log

The Board received an update report relating to the Action Log, and confirmation from the Treasury and Investment Manager that the list of planned items was related to actions that had been completed, and that outstanding actions formed aspects of the "General Update" and the "Work Programme" reports for consideration later at the meeting.

RESOLVED that the report be noted.

5. Training Log and Forthcoming Training and Events

The Board noted the following updates regarding the Training Log:

- That the new member, Mark Adu-Brobbey, had reported that he had undertaken three hours of training via the Pensions Regulator's dashboard and would be completing the remainder of his training, as he was keen to ensure currency of his knowledge and skills regarding workplace pensions.

- That the Chair, Stephen Warren, recently participated in additional training by virtue of his role as a trustee of another occupational pension scheme. Stephen confirmed that his recent training was significantly relevant to the terms of reference of the Board, and that he would send the details of the record to the appropriate officers within Lewisham Council.

The Board also received confirmation as follows:

- That discussions were underway to invite members of the Pensions and Investment Committee to forthcoming events, and that the details would be circulated in the new year.
- That the Pensions Regulator expected that training should be completed within six months by individuals joining as trustees of occupational pension schemes. The Chair encouraged new members to increase their knowledge and understanding using the Trustee toolkit.

RESOLVED that the report be noted.

6. General Update - Part One

The Treasury and Investment Manager presented an update report relating to the work of the Board that arose since the last meeting on the following matters:

(1) Draft Annual Report and Accounts 2022/23

The Board considered the updates, and noted the following:

- That the Council's external auditors, Grant Thornton, were finalising their work on the 2022/23 Accounts.
- That the draft annual Pension Fund report for the period was subjected to audit adjustments and would be presented at the next meeting of the Pension Investment Committee (PIC) prior to presentation to the Board for consideration and subsequent resubmission to the external auditors for their consistency opinion.

In response to a question, Officers clarified to the Board as follows:

- That the delay in signing the Pension Fund report was because the Technical Review Team and the Audit Team made a couple of queries about valuation and sought additional statements, and that there was nothing substantive to suggest that materiality had impacted on the accounts.

(2) Draft Administrative Strategy (AS) and Data Improvement Plan (DIP)

The Board considered updates relating to the draft AS and DIP, and noted the following:

- That both documents were reviewed by officers and revised to reflect comments made at the last Board meeting, and that the next steps

would involve meetings with data suppliers, training for staff in the use of new tools, and the development of a project plan with formulated deadlines.

- That the Administrative Team and the Investment Team had respective roles in the development of the AS and the DIP, and how the duties were working together were outlined in the report.
- That the Council was satisfied that the AS was within the expected thresholds in relation to current processes, both in terms of materiality and time-in value.

The meeting noted requests from Officers for more ideas and suggestions to inform future updates, and the Board's view was that to further understand current processes:

- Officers should produce a project plan and data development pointers with indicators of priorities, dependencies, and expertise.
- The plan should include potential risks, targets and timescales using the pensions industry's benchmark and the Pensions Regulator's levels for consideration as an agenda item at the next meeting of the Board.
- There should be clarification in regarding timescales and long-term targets of the measures of data quality, and explanations about how achievements would be monitored.
- That additional information about what ongoing measures would be, such as targets for the number of missing addresses, rather than simply having the baseline right would be welcomed.
- That revisions to draft or 'live' documentation should always be circulated with control pointers to highlight comparisons between earlier versions.
- That while it was understood that some elements of data quality were more important than others, officers should identify the prioritising elements in terms of expected achievements.
- That some data fields could be developed to identify satisfaction levels, probably by traffic lighting the different data development to aid understanding about priorities, dependencies, and expertise, with an explanation about the rationale for prioritising the various elements.

Action:

To circulate the next updated AS and DIP drafts to the Board for comment when submitting to PIC.

(3) **Policy for Reporting Late Payment of Contributions**

The Board considered and noted the updates in the report.

Action:

To report back to the next meeting, outlining efforts and actions applied to identify repeated offenders of late

payments; to include measures and formalised escalation routes,

(4) **Climate Transition and Net Zero Policy**

The Board noted the following:

- That the policy developed by PIC was divided into four areas and would operate as a 'live' document.
- That the baseline and alignment were considered in the development of the policy to assess the Investment Strategy against the carbon budget pathway and other metrics.
- That the recommendations for more effective climate-related disclosures would aid further informed decisions to enhance stakeholders' understanding about the concentrations of carbon-related assets and exposures to climate-related risks.

In response to questions raised, the Board was advised as follows:

- That the policy, subject to amendments, would enable PIC to balance the ensuing climate considerations within the expected responsibility of the fund as part of the quarterly evaluation process with individual fund manager's performance.
- That the external auditors used the Storebrand baseline exercise at the start of the 2023 evaluation period.
- That officers also applied the Storebrand approach to the 2019 common baseline of the low carbon and energy mandates that drove much of the activities through 2021/22. Thus, the draft action plan detailed how officers achieved the ambition and intent of the policy alignment with the annual baseline and reporting period.
- That because of the different classes of carbon reduction, not all the data were available at the time of reporting as much of the contents were related to net zero climate ambition. It was stated that given that the policy would be considered on a regular basis within its scope, it would be updated as data becomes available across funds.

(5) **Risk Register**

In considering the update report, the Board:

- Noted the varying movements in the category of risk. It was understood that two of the risks had not improved, but three had, and that a total of nine reached their target score.
- Commented on the thought process, and highlighted its observation that there were no additional requirements or faults recorded in the report to highlight the reasons for the latest changes.

Action:

To ascertain whether there should be additional controls and outline reasons for tolerating the risks

when reviewing existing controls.

(6) Pension Board Representation

The meeting noted Mark Booker's appointment as the new employer representative, and the Chair, Stephen Warren, gave a warm welcome on behalf of members of the Pension Board.

RESOLVED that the report be noted.

7. Work Programme

The Board received and endorsed the Work Programme report. The Board reiterated that among the listed items, the Data Improvement Plan and the Administrative Strategy would be considered at the next meeting.

RESOLVED that the report be noted.

8. Any Other Business - Verbal

There was no other business for consideration.

9. Future Meeting Dates

The provisional dates relating to future meetings of the Board were noted as follows:

11 March 2024
18 June 2024

RESOLVED that the provisional dates of meetings be noted.

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:

Item 11. General Update – Part Two.

11. General Update - Part Two

The Board noted and considered aspects of Part Two of the report, and that in terms of investment monitoring, officers considered overall performance, monitoring of individual funds, and the longer-term trends.

The Board reiterated that for members to measure against policies, strategies and engagement results, future update reports should include some elements of quantifiable targets and description of activities against monitoring trends.

The meeting closed at 12.40 pm.

Chair