

MINUTES OF THE PENSION BOARD

Thursday 31 January 2019

Present: Stephen Warren, Elizabeth Sclater, Simon Tilley, Adam Bowles

Also Present: Stephanie Fleck, David Austin, Robert Browning, Carol Eldridge, Sarah Assibey

Apologies: Alex Bush

1. Declarations of Interest

No interests were declared.

2. Minutes

The minutes of the last meeting were held as an accurate record.

Action: The Chair requested an action point schedule be brought to each meeting so when decisions are made of some actions they are recorded accordingly.

3. Compliance Review Report

The Principal Accountant presented this report.

He set out suggested options to procure the independent compliance review of the Fund. The three service providers were Aon, Barnett Waddingham and Hymans Robertson. Members of the Board asked officers to details the options for their consideration.

It was the officer's view that the Barnett Waddingham model was light in comparison to the others and the Aon and Hymans proposals which were fairly similar. It was also the officer's opinion the Hymans Robertson review would be most time-consuming on the officers as theirs is a 3 stage process, the first two requiring officer input. As suggested at the previous meeting, the officer reminded members that they had suggested using a service that was not as familiar with LBL, however they would be using a team who have not worked with the Council before.

It was suggested that a very in depth review will be helpful now, and going forward, less in depth reviews may suffice. The Board had previously discussed having a broad range review at present, to provide a baseline for future reviews, depending on what emerges on the review and what changes will need to be made.

The Board felt that there was an independence issue with Hymans and that they would not perform the authoritative review that the Board requires. There was concern about the scope of the Barnett Waddingham proposal. The Aon proposal has the value of insight and appeared to address the needs of the Board, notwithstanding that it is the most expensive of the proposals. Provided there is justification for the cost of the proposal, the Board would decide on choosing Aon. Aon had discussed with officers that the review can start immediately and would take approximately a month.

RESOLVED Members of the Board had decided to use the Aon model.

4. Pension Investment Committee Update

The Principal Accountant presented this report. The Board is to review and note the PIC papers from November.

The PIC received a currency hedging report from advisors, giving them some brief training on what currency hedging is, its benefits and disadvantages and how it can be implemented into Lewisham's pension fund. Members of the PIC felt that it could be beneficial so Hymans are to bring back some precise figures and proposals to a future meeting in June. From the perspective of the Board, the main concerns are that risks and costs of these different courses of action are being considered with appropriate professional advice.

In response to questions by members of the Board regarding the statutory governance of the CIV, officers advised that it was created by London boroughs that were therefore very much involved in determining its scope and priorities and that it had undertaken a governance review of all of its stakeholders. It has had independent legal advice and the overall governing body comprises members of the pension committees of participating councils.

5. Annual Report and Final Accounts

Officers advised that the annual report is a statutory document which is published at the end of November every year. It includes the audited pension fund accounts plus a performance review of the Fund. The same report is also presented at PIC meetings annually.

Officers advised that the Council's external auditors also reported on the Pension Fund accounts in November on . The report fulfils its content requirements.

Responding to ESG investing requirements, officers reported that the Council actively participate in this kind of investing and it is embedded in the manifesto and investment strategy statement. The PIC also ensure that every

manager that presents is challenged on how they exercise their voting powers.

Action: The Chair asked that this matter is included in future reporting.

Action: He also asked that the next annual report includes more detail on risk management of the Fund as a whole, not just investment activity.

RESOLVED Members noted the contents of the report

6. General Update

The Principal Accountant introduced this report, presenting the following:

The up-to-date Register of Conflicts of Interest is for Members to review and note. Though it is not a requirement to comply, it is good practice.

A Breaches of the Law Policy will be presented at the next meeting, setting out how and when breaches should be reported.

As discussed at previous meetings, officer can confirm the indemnity insurance is in place and covers all members of the Board under the Council's existing arrangements.

At the start of the year, MHCLG launched an informal consultation with interested parties on LGPS asset pooling. From 2020, all investments are to be done through pooling vehicles. The guidance sets out an extensive reporting requirement for reporting which assets are in the pool and for those that are not, why that is. Responses from members of the Board and PIC will be collated into the consultation response.

Action: Chair is to send a submission statement for consultation. He will circulate it to members.

The Investments Strategy Statement was updated in September 2018. It's a requirement that it is updated every 3 years, however this was an annual amendment to reflect some changes to new Managers and the updated allocations between them.

The results of the 2018/19 pension fund internal audit will be brought to the next Board meeting.

Once the compliance review is completed, the updated risk register will be brought to the next meeting, including the recommendations of the Board at the October 2018 meeting which will be incorporated into the update.

Members are to continue to update officers on training undertaken and any training opportunities, conferences or workshops that may be of interest to other members. Members agreed to complete a learning needs analysis to rate their skills in specialist areas.

Action: The Chair has asked that members complete this and send to officers by the end of February 2019.

Members agreed to consider the Work Programme in light of the baseline review results which will be ready by the next Board meeting, to result in a more strategic work programme for the year.

Action: the clerk will provide provisional dates to Members for the next meeting for them to agree. The date will be shortly after Easter.

RESOLVED Members noted the contents of the report.

The meeting finished at 3.15pm