

Local Pension Board

MINUTES of the Local Pension Board meeting held on 10 July 2019 at 10.00 am at 160 Tooley Street, London SE1 2QH (Room 202)

PRESENT:

- Mike Ellsmore – Independent Chair
- Dominic Cain – Employer Representative
- Diana Lupulesc – Employee Representative
- Neil Tasker – Employee Representative
- Tony O'Brien – Retired Employee Representative
- Mike Antoniou – Schools Employer Representative

OTHERS PRESENT:

- Jo Anson – Head of Financial and Information Governance
- Barry Berkengoff – Pensions Manager
- Caroline Watson – Divisional Accountant
- Marie-Andree Scott - Accountant

1. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies were received from Alex Moylan.

2. NOTICE OF INTENTION TO CONDUCT BUSINESS IN A CLOSED MEETING

To note the items specified below will be conducted in a closed meeting

- Agenda Item 11 – PAP Meeting Papers

Resolved: There were no representations relating to these items.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

ME re agenda item 12 – reappointment of Chair

4. MINUTES

RESOLVED:

That the open minutes of the local pension board meeting held on 10 April 2019 be agreed as a correct record and signed by the vice Chair, with the following outstanding matter noted:

It was requested that the training questionnaire is reissued to LPB members and that members will put forward training areas for the future.

5. ACTION TRACKER

Caroline Watson provided an update. Regarding the COP14 assessment, it was requested that it is confirmed that PAP is aware of this work being done; and that Barnett Waddingham will present the results to both the LPB and PAP (with at least 45 minutes being allocated for the presentation to the LPB).

Action 14: a report is to be tabled at the October 2019 LPB meeting.

6. PENSIONS SERVICES UPDATE

Jo Anson and Barry Berkengoff addressed the board.

Barry advised that progress on putting a revised structure in place has been slower than hoped, but confirmed that recruitment is now taking place (internally first and then externally), and that the Board would be kept updated.

Annual benefits statements for current employees will be sent out in August and will incorporate feedback from last year's layout. Barry also explained that in line with more total reward thinking, benefit statements would highlight the financial value of being in the pension scheme.

Tony O'Brien asked if everyone received a benefit statement. Barry confirmed that ex-employees also receive an annual statement, although it is dependent on people keeping in touch if they move address for example.

Tony O'Brien asked if payslips will be provided if requested and Barry confirmed that they will be generated if needed. Barry said the numbers have been relatively low given the size of the pensioner population.

Mike Antoniou asked about the MSS portal and it was recognised that we need to increase usage of this in the longer term.

There was a discussion about performance metrics and Barry noted that problems with schools' data continue to cause problems. Future reports on performance will be more detailed and are expected to show an improvement in line with the service's aim to perform over and above statutory targets. They will also include information about complaints received.

7. ACTUARIAL VALUATION 2019

Caroline Watson presented the report. An update was provided on the revised timetable for the valuation. It was agreed that as the results will not be available until after the next LPB meeting, the valuation will be included on the January 2020 agenda.

It was noted that the results of the actuary's review of the demographic data for the Fund indicate that the incidence of mortality within Southwark pension fund members is higher than the national figures used in previous valuations. This will result in a reduction in the liabilities at the 2019 valuation.

The report included an update on the expected valuation results and the factors that have led to an expected improvement in the funding level. However it was advised that the impact of the McCloud case on the Fund is currently unknown and the fund's actuary will estimate the potential costs for fund membership as part of the 2019 valuation.

The role of the LPB in the 2019 valuation was discussed. It was agreed that the approach would be to scrutinise and challenge all aspects of the process and results.

8. DRAFT LOCAL PENSION BOARD ANNUAL REPORT

The report was presented to the Board. It was agreed that when the full draft annual report is available it will be circulated to Board members. Members will be able to propose amendments at this stage.

9. SCHEME ADVISORY BOARD GOVERNANCE REVIEW

Caroline Watson presented the report which covered the approach to the review and recommended outcomes for implementation. LPB members agreed that the Southwark Fund is well governed but recognised that the Pensions Advisory Panel is a unique arrangement which is different from the committee structures of the majority of other LGPS funds. It was agreed that the role of the LPB will be to review the outcomes in relation to the Southwark fund.

10. TRAINING PLAN

There was a discussion on the future approach to training and identifying knowledge gaps. Mike Ellsmore requested that a training plan is put in place. Board members requested future training to include ESG and the pension fund's low carbon policy; cyber security and, in particular, where pensions data is being stored; a half day of holistic training for both old and new Board members; a presentation by the Chair on the role of the Board; and training on the 2019 valuation (joint with the Pensions Advisory Panel). A number of the requested training items could be covered as part of the half day training event.

Mike Ellsmore requested that the CIPFA document on the role of the Local Pension Board is circulated. It was also agreed that the training needs questionnaire will be circulated again and that once members complete and return it; this will inform the training plan going forward.

Members confirmed that the pensions regulator toolkit is a useful training resource. The website link is to be sent to Board members. Mike Antoniou requested that links to fund documentation and any useful information is sent to him.

11. PAP MEETING PAPERS

Caroline Watson referred to the Mercer quarterly investment report. She confirmed that there are no concerns with the performance of any of the Fund's investments at present. The fund performed strongly during the quarter to March 2019 and it was noted that the £111m increase in value over 2018-19 will be supportive towards a positive outcome in the 2019 valuation.

12. OPTION TO RE-APPOINT PENSION BOARD CHAIR

Mike Ellsmore asked if there are currently any vacancies on the Board. It was confirmed that there is a vacancy for an employer representative and that this is currently being looked into to find a suitable replacement.

Mike Ellsmore left the meeting prior to the appointment vote taking place. As the vice Chair was not present for this agenda item, Neil Tasker was elected substitute Chair for the purposes of the vote. There was a unanimous vote for the reappointment of Mike Ellsmore as independent Chair for a further year. Board members recognised the valuable input and knowledge Mike contributes to the running of the Board.

16 ANY OTHER BUSINESS

Date of next meeting – 9 October 2019