

Local Pension Board

Minutes of the Local Pension Board held on Tuesday 19 April 2016 at 11:00am at the Ground Floor Meeting Room G02a – 160 Tooley Street, London SE1 2QH

Present: Mike Ellsmore (Independent Chair)
Sue Plain – Scheme Member Representative
Neil Tasker – Substitute Employee representative
Mike Pinder – Substitute Employer representative
Norman Coombe – Employer Representative

Substitutes: Colleen Reid – Substitute Scheme Member Representative
Matthew Hunt – Substitute Employer Representative

Apologies: Jo Anson – Employer Representative
Bill White - Scheme Member Representative

Officers: Fay Hammond – Departmental Finance Manager

Yvonne Thompson-Hoyte – Board Secretary/Divisional Accountant
Treasury and Pensions

Contact: Yvonne Thompson-Hoyte on 02075250040 or email:
yvonne.thompson@southwark.gov.uk

1. Welcome and Apologies for Absence

- 1.1 The chair welcomed everyone to the meeting.
- 1.2 Apologies were tendered for Jo Anson and Bill White

2. Notice of intention to conduct business in a closed meeting

- 2.1 To note the item specified below will be conducted in a closed meeting
 - Review of PAP meeting papers

Resolved: There were no representations relating to this item.

3. Disclosure of Interests & Dispensations

- 3.1 The Chair expressed an interest in agenda item 6a '*Notice to review Independent Chair's term of Office,*' and suggested that this be managed by moving the item to the end of the agenda, allowing him to conduct the meeting and then leave before that item is taken.
- 3.2 The Chair also requested that agenda item 8 'Appointment of Service Provider' be moved to the 'Closed Business' section of the agenda as it contained commercially sensitive information.
- 3.3 **Resolved:**

It was agreed that Agenda item 6a be taken at the end of the agenda and that agenda item 8 be taken under 'Closed Business'.

4. Minutes of Last Meeting

4.1 **Resolved:**

That the minutes of the meeting held on 26 January 2016 should be agreed as correct and signed by the chair, subject to the amendments below.

Paragraph number	Amended paragraph.
6.3	Members of the Board expressed an interest in receiving training in pensions fund accounting modules including costing methodology, actuarial valuation and diversified growth funds.
8.4	A full stop should be placed after the word ' positive ' and the remainder of the sentence (<i>in part due to higher mortality rate</i>) should be deleted.

- 4.2 Following on from the query raised paragraph 9.3 of the minutes, some members queried whether the increased purchase of property in the borough

as part of the pension fund investment should be recorded in the conflict of interest register.

4.3 Resolved:

It was agreed that the concern would be raised with PAP and reported back to the next LPB.

5 Matters Arising

5.1 Update for KPI's for Number of complaints

5.1.1 Malcolm explained that the initial process of analysing complaints to identify pension related complaints from others had been completed and that there had been no further complaints received since the last two. He further informed the board that a separate procedure had been set up to record pensions related complaints and that they would be reported on as they arise.

6 Constitutional Matters

6.1 Review of Independent Chair's Term of office

6.1.1 This Item was taken at the end of the meeting and the Chair left the room to manage the conflict of interest that was recorded in paragraph 3.1 above.

6.1.2 The Board Secretary introduced item 6.1 explaining that the terms of reference of the Local Pension Board required that the term of office of the independent chair, be reviewed after one year. Fay Hammond was invited to present the report and options for the review to:

- Appoint a chair from among the Local Pension Board Members
- To appoint a new Independent Chair
- To extend the term of office of the existing Independent Chair for another year.

6.1.3 The report also explained the pros and cons of each option.

6.1.4 Members of the Board discussed the options and concluded that Mike Ellsmore be returned as Independent Chair for another year.

Resolved :

6.1.5 The Local Pension Board Agreed by unanimous vote that term of office of the Independent Chair, Mike Ellsmore be extended for another year.

6.1.6 The motion was proposed by Norman Coombe and seconded by Sue Plain with all other members in favour.

6.2 Local Pension Board Annual Report

6.2.1 Members reviewed the draft annual report that was presented by the Chair. Members of the Board suggested that the section covering the work carried out

by the Board during the year be expanded to explain the work done and any results and also that details of expenses should also be published.

- 6.2.2 Members of the Board also requested that the governance review that they have commissioned should also be added under the section for future work of the board as well as regulatory changes and potential restriction on funds.

6.3 Resolved:

The Board Secretary should go through the minutes of the past meetings to add more detail to the work done and add the appendices for training undertaken and membership and attendance records.

7. Training and Development

- 7.1 The Board members attended a one hour training session on diversified growth funds and absolute return bonds.
- 7.2 The updated training register was noted.
- 7.3 Sue Plain suggested that development was needed in understanding costs and expenses charged by fund managers and that perhaps the Board could target seminars that discussed cost transparency.
- 7.4 There was a discussion of the options to use in-house officers to explain or the request on of the fund managers to explain.

Resolved:

- 7.4 Training will be arranged on one of the above topics for the usual one hour slot preceding the next meeting.

8. Review of Pension Fund Governance

- 8.1 This item was taken in closed business as it contained commercially sensitive information.
- 8.2 The Board was asked to note the appointment of the Governance and Benefits arm of AON Hewitt to conduct the governance review. Documentation with the evaluation scores were provided.
- 8.3 Sue Plain noted that one area of the criteria for the service provided fell below what was expected and requested that clarification be sought from the provider on how they are going to address this area.

Resolved:

- 8.4 Fay Hammond will clarify with AON Hewitt at the upcoming engagement meeting.

9 Consultation – LGPS Investment Reform

- 9.1 The Board noted the final responses from Southwark Council, to the consultation on the LGPS investment reform on asset pooling and changes to the management and investment of funds regulation 2009
- 9.2 Sue Plain's view was that the Local Pension Board was independent and, therefore, should send a separate response; it was requested that the future consultation responses should continue to be shared with the Board.

10 Review of Pensions Advisory Panel Decisions

- 10.1 The chair drew attention to page 43 of the Pensions Advisory Panel meeting pack which outlines the quarterly performance of the pension fund investments.
- 10.2 Sue Plain drew attention to the inference made on 17 of the Mercer investment performance report on the Blackrock – Dynamic Diversified Growth fund that *since the inception the fund has returned -1.5% in absolute terms and that this highlighted the protection that the fund provides to the portfolio in a volatile market which has seen equity provide a return of -0.3.*
- 10.3 She asked for an explanation as to how this provided protection as the returns on the fund of -1.5% was worse than the performance on equities of -0.3%

Resolved:

- 10.4 Information will be passed to the Board.

11 Any Other Business

- 11.1 Sue Plain requested that an update on the data cleansing project be tabled at the next meeting.
- 11.2 The Board requested that further assurance be sought from within the Council that they were indemnified as members of the Local Pension Board

Resolved

- 11.3 Updates on both data cleansing and indemnity insurance for Board members to be reported at the next meeting.

11a Date of the next meeting

- 11a.1 The date of the next meeting is Tuesday 20 July 2016 at 11.00am.

The meeting ended at 12:40pm

Chair.....

Date.....