

## Local Pension Board

Minutes of the Local Pension Board held on Monday 05 October 2015 at 10:00am at the Ground Floor Meeting Room G02a – 160 Tooley Street, London SE1 2QH

- Present:           Mike Ellsmore (Independent Chair)  
                      Sue Plain – Scheme Member Representative  
                      Bill White - Scheme Member Representative  
                      Jo Anson – Employer Representative  
                      Norman Coombe – Employer Representative
- Substitutes:       Colleen Reid – Substitute Scheme Member Representative  
                      Neil Tasker - Substitute scheme member Representative
- Apologies:        Dominic Cain – Substitute Employer Representative  
                      |                   Mike Pinder – Substitute Employer Representative
- Officers: Fay Hammond – Departmental Finance Manager  
                      Caroline Watson – Pensions Investment Manager  
                      Yvonne Thompson-Hoyte – Pension Fund Accountant

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## 1. Welcome and Apologies for Absence

- 1.1 The chair welcomed everyone to the meeting.
- 1.2 There were no apologies for absence.

## 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 There were no disclosures of interests or dispensations.

## 4. Minutes of Last Meeting

### 4.1 Resolved:

That the minutes of the meeting held on 24 July 2015 should be agreed as correct and signed by the chair, subject to the amendment below

| Paragraph number | Amended paragraph should read  |
|------------------|--|
| 4.2.5            | The Board therefore agreed that closer to the end of the term of office a request should be made to the Administering Authority to extend the terms of office of one scheme member representative and one employer representative by one year to allow for an initial staggered period of office. After which the terms of office for all members would revert to two years. |
| 5.1.3 a          | Norman Coombe also queried why the estimated funding level for March 2015 had gone down from that of 31 March 2015 planned funding level in the funding risk update report   |
| 7.1              | The Board considered using the first one hour before of each meeting for training; asset classes training to be scheduled for the meeting in October.  |

## **5 Matters Arising**

### **5.1 Ill Health Retirement**

- 5.1.1 Sue Plain raised concern about the quality of and the time taken for decisions to be reached on ill health retirement from the beginning of the process where cases are assessed to the time when the case is decided and payments to be made. This she explained was due to the time taken by the assessing organisation to classify each case into a tier so that management can make a decision
  
- 5.1.2 The Chair expressed the view that, because the delay was outside of the pensions administration section and concerned a contract that was monitored by Human Resources (HR), then it was not an issue for the pension board, but a contract monitoring issue for HR.
  
- 5.1.3 After discussion Jo Anson suggested that the KPI's for ill health retirement should be requested from the administration team, which would then give an indication of the area of responsibility.

#### **Resolved:**

The Board Secretary should request the KPI's for the next meeting.

### **5.2 Benchmarking for KPIs and logging of complaints**

- 5.2.1 Sue Plain enquired about the benchmarking data for the KPI's that were requested at the last meeting. Clarification was also sought as to whether the administration team had plans to start monitoring complaints and the response in their report to the initial request for KPI's in relation to complaints stated that no data is currently held.

#### **Resolved:**

The Board Secretary should request updates on both issues raised for the next meeting.

### **5.3 Response to partial compliance with Myner's Principle 4, 5 and 6**

- 5.3.1 A report was tabled at the meeting by Fay Hammond explaining that the Scheme was now considered to be fully compliant with all of the Myners Principles but that there was still room for improvement.

### **5.4 Myners Principle 4 Performance Assessment**

- 5.4.1 The report explained that formal assessment of the performance of the administering authority is reflected through the effectiveness of decision making in the investment returns achieved. The report further explained that the establishment of the Local Pension board to oversee decisions made by PAP is a further assessment of the effectiveness of decision making.
- 5.4.2 The investment manager explained that the investment consultants had been newly appointed in January 2015 and that KPI's were being put in place to review the effectiveness of the advice being given.
- 5.4.3 Jo Anson commented that she recognised the progress made and the role of the oversight role of the Local Pension Board, but expressed caution that the responsibility should not be passed to the LPB.

### **5.5 Myners Principle 5 – Responsible Ownership**

- 5.5.1 The report outlined that the Scheme was now considered to be fully compliant as responsible ownership is now reflected through membership of the LAPFF and also the ongoing survey to members that include a section for members to express their views on responsible investment. The Pensions Annual Report also has been enhanced to include a section reporting on the Investment Managers Approach to Responsible Investment. Caroline Watson also explained that a voting monitor is being developed for the next PAP meeting and active fund managers will continue to be instructed on how to vote on issues.

### **5.6 Myners Principle 6 – Transparency in Reporting**

- 5.6.1 The report explained that this area had been improved as all the minutes of the meetings have since been published on the Southwark website. Prior to this only documents relating to the pension fund and the annual report and accounts were published. In addition a key facts document would be produced providing a slimmed down version of the Pensions Annual Report.

## 6. Review of Amendments to and Adoption of Constitutional Documents

6.1 The Board agreed changes to the constitutional documents as set out below.

| Document and Paragraph Number           | Changes Agreed   |
|---|--|
| Terms of Reference paragraphs 63 and 68 | <p>The designation 'Strategic Director of Finance and Corporate Services' should be changed to 'Strategic Director of Finance and Governance'.</p> <p>The page reference to 'paragraph 62' should be changed to 'paragraph 63'</p>   |
| Code of Conduct -                       | <p>The first paragraph should read:</p> <p>'Members of the Board are required to register and disclose interests as outlined in part 2 of this document.</p> <p>The second paragraph should read:</p> <p>'Members are required to register these interests within 28 days of their appointment and keep the register up to date by notifying any changes within 28 days to the Board Secretary.'</p> <p>In the third paragraph 'Southwark Council' should be replaced with 'the Local Pension Board'</p> |
| Conflict of Interest Policy             | <p>Reference to the designation 'Director of Legal Services' should be changed to 'Director of Law and Democracy' throughout the document.</p>   |
| Knowledge and Understanding Policy      | <p>The Board adopted this document as tabled. There were no changes.</p>   |

### Resolved:

6.2 The board adopted all the constitutional documents subject to the above minor amendments.

## 7. Review of Annual Report and Audit Findings

- 7.1 The board reviewed the pension fund annual report and audit findings report for 2014/15. Jo Anson raised concern about auditor's findings, that there was a backlog in processing changes to membership data in the administration system.
- 7.2 It was further suggested that an update/action plan should be requested for the next meeting.

**Resolved:**

- 7.2.1 The Board Secretary should make request to pensions services to submit an action plan or update at the next meeting.

**8 Training needs analysis/training plan**

- 8.1 The Board members attended a one hour training session on asset classes before the meeting.
- 8.2 A one year training plan linked to the CIPFA knowledge and skills framework and the Pension Regulator's knowledge and understanding requirements was tabled for consideration by the board along with a training log.
- 8.3 The board agreed that the next training session for 26 January 2016 should be on LGPS benefits and that training on Actuarial Assessment should be co-ordinated with the training that is provided by the fund's actuary as part of the valuation process.

**Resolved:**

- 8.4 The board agreed the one year training plan as a working document to be kept under review

**9 Review of Pension Fund Governance**

- 9.1 The chair presented a draft terms of reference outlining the brief for the invitation to quote for services to conduct a review of the governance of the pension fund.
- 9.2 The Chair emphasised that he wanted a thorough review to be done to enable the results to be used as a bench mark for good governance.
- 9.3 Quotes will be sought and an update provided at the next meeting.

**Resolved:**

- 9.4 The board agreed the terms of reference with one minor change that the work "significance" in paragraph 4 be changed to "risk".

**10 Review of Pensions Advisory Panel Decisions**

- 10.1 Item 10 was considered by the Board in the closed business section of the agenda.

10.2 The decisions of the meeting was not available for the Board meeting so this will be undertaken at the next meeting on 26 January 2016.

10.3 The Board did however note from the reports that were available that they were keen to be updated on progress regarding the CIV and the general comment about investment in infrastructure that it would be preferable that any such investment was outside the borough at arms length.

**Resolved:**

10.4 The Board will review the decisions of PAP at the next meeting.

**11 Any Other Business**

11.1 A member of the board raised the issue of extra pension payments not appearing on annual pension statements. It was not clear whether the extra payments referred to were AVC's which the statements would be provided separately by the AVC provider or added years.

Resolved:

11.2 More information would be obtained and a clarification sought from the pensions administration section.

11.3 There was no further business.

**12 Date of the next meeting**

12.1 The date of the next meeting is Tuesday 26 January 2016 at 11.00am. There will be one hour training on LGPS benefits at 10:00am ahead of the meeting.

The meeting ended at 12:40pm

**Chair**.....

**Date**.....