

## Local Pension Board

Minutes of the Local Pension Board held on Monday 10<sup>th</sup> April at 11:00am at the Ground Floor Meeting Room G02c – 160 Tooley Street, London SE1 2QH

Present:	Mike Ellsmore (Independent Chair) Sue Plain – Scheme Member Representative Dominic Cain – Employer Representative
Substitutes:	Neil Tasker –Employee representative Diana Lupulesc, Substitute Employee representative
Apologies:	Norman Coombe – Employer Representative Matthew Hunt – Substitute Employer Representative
Officers	Fay Hammond, Departmental Finance Manager Alex Moylan, Strategic Finance Manager Caroline Watson, Divisional Accountant (Investments resource) Jo Anson, Head of Financial and Information Governance Maureen McBain, Corporate Risk and Insurance and Pensions Administration Manager
Contact:	Alex.Moylan@southwark.gov.uk 020 7525 0040

### Welcome and Apologies for Absence

1. The chair welcomed everyone to the meeting.
2. Apologies were tendered for Norman Coombe and Matthew Hunt. It was noted that Matthew Hunt is currently on long term sick and therefore, it is likely that a new substitute employer representative will be identified.

### Notice of intention to conduct business in a closed meeting

3. To note the item specified below will be conducted in a closed meeting

- Agenda Item 12 - Review of PAP meeting papers

**Resolved:** There were no representations relating to this item.

### **Disclosure of Interests & Dispensations**

4. There were no disclosures of interest or dispensations declared.

### **Minutes of Last Meeting**

5. The following comments in response to a review of the minutes:
  - Officers confirmed that requests to passive managers had been made regarding fee information in the context of year end closing.

**Resolved:** that the minutes of the meeting held on 24 January 2017 were agreed as correct by the board and signed off by the chair.

### **Matters Arising**

#### **London CIV Update**

6. SP reported that she was aware (from conference on pooling she had attended) of concerns regarding the length of time to recover the set up costs of the CIV as these were proving higher than expected.

#### **Blackrock Fee Update**

7. LPB members were asked to note that the Southwark Pension scheme fees for the BlackRock passive funds had reduced significantly and that this had been backdated to 1 October 2016. These funds remain outside the CIV

#### **Local Pension Board Membership and Terms of Reference**

8. All LPB members declared an interest in this item, as board members.
9. The LPB agreed unanimously that Mike Ellsmore continue as Chair for the subsequent term of office.
10. The paper proposed that the current term of office for membership be extended from the original two years stated in the Terms of Reference. This proposal recognised the specialist knowledge that the board have acquired. Overall the LPB were supportive of extending member appointments, however the following comments were noted:
  - SP explained that her re-appointment to the LPB was dependent on the outcome of Unison AGM. Also that the aim of the original Terms of Office was to preserve some knowledge base by overlapping the Terms of Office.
  - NT reported that he was now an employee representative (not a substitute member).
  - It was noted that a further employer representative was needed to be nominated by the Strategic Director of Finance and Governance
  - It was understood that the GMB were arranging to replace Bill White. Further, it was noted that GMB would need to appoint two representatives - one each for PAP and LPB.
  - That there was potential for a conflict of interest in that the employer representatives were appointed by the Strategic Director of Finance and Governance

- ME suggested that we continue to pursue the option for additional employer representatives from schools (linked to data quality issues in schools) and consider an additional employee representative such as a retiree.
- This amendment would require Council Assembly approval to the Terms of Reference for the LPB.
- Training for new members was needed; the pensions regulator training at the next LPB would be an entry level starting point.
- DC stated that he was yet to receive his appointment letter and indemnity letter.

**Resolved:** that the existing LPB members are reappointed for a further term of 2 years. The next LPB agenda would need to include the paper for constitutional to amend the terms of reference for the LPB to reflect the proposals for a revised membership. All members to be sent updated appointment letters and indemnity insurance letters.

### **Governance Review Update**

11. The following comments were shared regarding the progress with the governance review:
- ME: requested regular updates on progress and involvement in setting up business plan and for this to be presented to the LPB.
  - ME: one of the issues raised in the governance review was that the PAP agenda time constraints meant that there was less focus on administration issues. One option could be for PAP to agree for LPB to play a greater role in reviewing the administration.
  - Officers to send to LPB members the link to administration strategy on council's website.  
[http://www.2.southwark.gov.uk/info/200175/pensions/4081/pension\\_administration\\_strategy](http://www.2.southwark.gov.uk/info/200175/pensions/4081/pension_administration_strategy)

### **Work Programming and Training**

12. Proposals for future training topics included a better understanding of scheduled and admitted bodies and outsourcing arrangements and the solvency risks associated with these; taxation.
13. It was noted that the Pensions Regulator was due to provide the next LPB training session.
14. On the 26 June the LPB annual conference was due to take place.
15. It was noted that the LPB report for the Southwark Pension Fund annual report would need to be considered at the next LPB meeting. SP asked that the LPB be given access to the Annual Report earlier than the 10 July meeting.

### **Administration Update Presentation**

16. Pensions Services Presentation set out the priorities of the team and future reporting goals. The LPB members thanked the team for their presentation and acknowledged the work that was underway. The LPB asked that performance data be provided on ongoing basis. For example, key performance indicators, ill health retirements; numbers of tier 3 and a measure of the backlog and progress to address this. .

### **2016 Actuarial Valuation – Results**

17. The LPB members noted that the Southwark Pension Fund overall funding levels had increased from 82% in 2013 to 88% in 2016, with a reduction in the funding deficit. The current GAD (Government Actuary Department) suggests the fund is 96% funded.

**Investment Strategy Statement**

18. Investment Strategy Statement (ISS) was reported to the board, the feedback was as follows:
- The LPB continue to hold the view that the pension fund and the political administration should be separate and noted that this feedback was not included in the final ISS.
  - The LPB noted that the national LGPS employee cost cap was not mentioned in the section referring to employer contributions being kept stable.
  - (SP) Page 32 of the ISS (inflation under the heading 4, Risk Measurement and Management) refers to inflation risks, which is now rising, and therefore it would be good to understand how this risk is mitigated in the strategy

**Review of PAP meeting papers of 7 March 2017**

CLOSED BUSINESS

**Any Other Business**

19. SP asked for clarity around the arrangements for charging union time to the LPB for the board attendance.

**20. Date of the next meeting**

21. The date of the next meeting is 10 July 2017. (this meeting was subsequently cancelled and a new date is being arranged)

**Chair**.....

**Date**.....