

LONDON BOROUGH OF SOUTHWARK PENSION FUND
PENSIONS ADVISORY PANEL

Date: 8 th March 2016	Chair Person: Fiona Colley
Time: 10am	Notes of meeting: Caroline Watson
Venue: Southwark Council 160 Tooley St, London, SE1 2TZ	
Attendees: Cllr Fiona Colley (Chair); Cllr Eliza Mann; Cllr Jon Hartley (substitute); Duncan Whitfield; Fay Hammond; Chris Cooper; Yvonne Thompson-Hoyte; David Cullinan (State Street); Jo Holden (Mercer); Mike Ellsmore (LPB)	

Item No	Item
1	Apologies: Cllr Paul Fleming;
2	Disclosures of Interest & Dispensations: None
3	The minutes of the 1 st December 2015 meeting were agreed as accurate.
4	<p>Matters Arising:</p> <p>Scheme Member Events:</p> <ul style="list-style-type: none"> • Very popular. Due to high demand an additional event was held at Tooley Street (3 in total). Some questions on investments but mainly on benefits. • DW: recommend making it an annual event, with 2-3 held annually, starting in September 2016. • DW: 4 training sessions being organised for senior managers and a structure to be put in place to manage queries. <p>TH Real Estate Benchmark Review</p> <ul style="list-style-type: none"> • Agreed – go ahead with new benchmark subject to a review by Mercer property researchers.
5	<p>Investment Update</p> <p>Update from Jo Holden (Mercer)</p> <ul style="list-style-type: none"> • Below strategic benchmark over 1 year – due to new property manager underperformance (which is expected). • Over 1 year assets have out performed liabilities by 6.1%. • Newton: strong performance over 3 years. • Brockton and Frogmore: over next 6-12 months to ask them to present to PAP. No concerns at present. <p>David Cullinan (State Street)</p> <ul style="list-style-type: none"> • Disappointing 1 year return but 3 and 5 year absolute returns strong. • Asset allocation drag on performance rather than performance of asset managers. Main drag from underweight in property.

	<ul style="list-style-type: none"> • Newton: 1,3 and 5 years absolute returns strong. 3 year relative return best since inception. • Fund has out performed the local authority universe over 1, 3 and 5 years.
6	<p>Scheme Member Survey</p> <ul style="list-style-type: none"> • FH provided updated results. Fund investment performance needs to be better communicated. Good performance and members are not aware. • Next Steps: FC – need to improve communications. Concerned members not aware of self service facility. Consider how some of the investments members are interested in could be adopted. • Main challenge is publicity. In future should look to link to a process where more things can be done on line. • Low response: difficult to use results in investment section as not representative. • DW: consider inviting pensions representative from Environment Agency to a future PAP meeting. • FC: Mercer to talk at next PAP meeting on low carbon investments. • FC: consider results in next year as commence the investment strategy review. Look at investments re consistency with council policy (e.g. pay day lending and gambling). • Action: report back on Source re survey results.
7	<p>Local Pensions Board (LPB)</p> <ul style="list-style-type: none"> • Some of the matters which have been considered by the LPB are as follows: <ul style="list-style-type: none"> — Potential conflicts of interest re investment in local property — Governance review (progress update was provided) — Transparency of investment management costs. • Insurance: recent QC opinion has confirmed that corporate indemnity cover does not apply to the LPB.
8	<p>LGPS Consultation on Investment Reform</p> <ul style="list-style-type: none"> • DW: LBS response cross referenced to London CIV response • PAP to note LBS response.
9	<p>. London CIV Update</p> <ul style="list-style-type: none"> • DW: expected that the Fund's Legal and General investments will be moved to the CIV in June and BlackRock in September. • CIV has recognised need for more capacity. Two additional posts have been appointed. • Fund carrying out due diligence before investing in CIV. DW and JH meeting with CIV re due diligence questions. • Action: distribute London CIV and Unison responses to PAP members.
10	<p>Mercer Assessment on Restructuring of Property Allocation</p> <ul style="list-style-type: none"> • Property suitability letter provides an audit trail of the appointment process.

	<ul style="list-style-type: none"> • New property manager drawdown time in line with managers' original plans. • The way the opportunistic managers report to PAP over time will evolve (e.g. capital value vs. cash flows).
11	<p>Standing items</p> <p>Actuaries Funding Update</p> <ul style="list-style-type: none"> • Funding improved at December 2015. • 2016 valuation will have results on a like for like basis for first time. <p>Training schedule</p> <ul style="list-style-type: none"> • Actuarial training at June PAP meeting noted. <p>Pension Service Team update</p> <ul style="list-style-type: none"> • Report noted • ML: data improvement exercise being organised (main issues with Southwark schools). • ML report to include a statistics table showing quarter on quarter results for benchmarking. <p>Responsible Investment & Engagement Monitor</p> <ul style="list-style-type: none"> • Report noted • Mercer to provide details of BlackRock's ESG rating next time they attend PAP.
12	AOB: None