

LONDON BOROUGH OF SOUTHWARK PENSION FUND
PENSIONS ADVISORY PANEL

Date: 3 rd October 2017	Chair Person: Fiona Colley
Time: 11am	Notes of meeting: Caroline Watson
Venue: Southwark Council 160 Tooley St, London, SE1 2TZ	
Attendees: Cllr Fiona Colley (Chair); Cllr Eliza Mann; Duncan Whitfield; Fay Hammond; Chris Cooper; Alex Moylan; Marie-Andree Scott; Karrim Jalali; Jo Holden (Mercer); Susan Greenwood (Mercer); David Cullinan;	

Item No	Item
1	Apologies: Mike Ellsmore; Jo Anson
2	Disclosures of Interest & Dispensations: None

3	The minutes of the 20 th July 2017 meeting were agreed as accurate.
4	<p>Matters Arising:</p> <p>London CIV Update</p> <ul style="list-style-type: none"> • 3 global equity mandates have gone live this month. • Procurement for fixed income – expect funds live by end of calendar year. • Governance survey has been sent out to boroughs. • Pressure from funds re progress on sustainable products. Low carbon workshop has taken place. Joint working between boroughs required. <p>MiFID II Update</p> <ul style="list-style-type: none"> • An update was provided on the opt up process to elect for a return to professional status. • Confirmed that returns would be submitted by end of week. <p>Training Policy</p> <ul style="list-style-type: none"> • This will be circulated to PAP members for comments. <p>Fossil Fuel Roadmap</p> <ul style="list-style-type: none"> • Intention is to append the document to the Investment Strategy Statement. • The four key divestment principles to be incorporated into the investment strategy. • Issues around fees and cost of transition. • To consider measurement of current carbon exposure and set future targets. • Acknowledged that timescales depend on integration with London CIV. • PAP members to feedback on report before January 2018 meeting and then re table revised version. • Carbon footprint work expected to be completed by January 2018 meeting.
5	<p>Investment Update</p> <p>David Cullinan</p> <ul style="list-style-type: none"> • Update provided on fund manager performance for the quarter to June 2017. • DC referred to performance attribution charts in his report. It was noted that over the 5 years to March 2017, the Southwark Fund's volatility has been in line with all LGPS funds but with a much higher return. <p>Susan Greenwood (Mercer)</p> <ul style="list-style-type: none"> • Noted that the Fund outperformed relative to its liabilities over the quarter. • Absolute performance good in quarter but lagging against benchmark. • Newton high absolute return for quarter but under performed benchmark. JH advised that there should be no immediate concerns but that a meeting should be arranged.

6	<p>Investment Strategy Review</p> <ul style="list-style-type: none"> • JH advised that the improved funding level since the 2016 actuarial valuation influenced the advice given. • Focus is on stabilising existing strategy. • PAP to decide if additional return needed given improved funding level. • May want to wait until products are available on the LCIV. • Consideration was given to private debt, clean infrastructure and other products, but noted that the current structure is simple and has been successful. • DW: carbon footprint priority at present. Timescales for availability of products on LCIV still unclear. Working with other London boroughs will achieve purchasing power. Proposed paper to be tabled at January 2018 PAP meeting with clear recommendations for way forward. • FC: A combined property and infrastructure allocation would limit distortions between asset class allocations. Scope to request highest standard of energy efficiency for direct property holdings. • DC: could consider an umbrella of liability matching assets/real assets rather than specifically property. <p>Actions: agreed recommendations on page 46 of report.</p>
7	<p>Local Pension Board Update</p> <ul style="list-style-type: none"> • September meeting focussed on administration with Jo Anson providing an update. • Discussion around KPIs. Chair has written an email to DW on this. • Elected to extend membership from 2 employee and 2 employer reps to 3 of each. A pensioner/deferred member and employers rep from outside of Council were proposed. • Agreed to put in place an insurance policy for 1 year to protect members. Separate indemnity will then be put in place for next year.
8	<p>Pensions Services Update</p> <ul style="list-style-type: none"> • Pensions Manager has left the organisation. • Increase in active and deferred members has resulted in an increase in workload. • Annual Benefit Statement: revised for 2016-17 with improved understanding and usability. Majority sent to members by end of August. • FC referred to the findings of the governance review reminding PAP members that the review picked up that not enough time is being spent on administration. • FC requested more data and report on administration to be tabled at future meetings (to include ethnicity, opt outs, gender etc). • CC asked for information to be reported on numbers of members reducing and withdrawing pensions before they retire. • Further roadshows/member briefings to take place in future.
9	<p>Pension Fund Statement of Accounts</p> <ul style="list-style-type: none"> • Approved by Audit, Governance and Standards Committee. Final audit

	<p>opinion has been received.</p> <ul style="list-style-type: none"> • Details were given of actions being taken to address the recommendations made in the audit findings report. These points were logged and progress to be reported to January 2018 meeting.
10	<p>Standing Items</p> <ul style="list-style-type: none"> • Update on Property Fund drawdowns – noted • Funding Update – little change in funding level since previous quarter • Training schedule – PAP members were advised that a training needs self assessment will be distributed for completion. • Responsible investment and engagement monitor – report noted. This report has been extended and now includes BlackRock, Legal and General Investment Management, Newton and TH Real Estate.
11	<p>Any Other Business</p> <p>None</p>