

Pensions Advisory Panel

MINUTES of the Pensions Advisory Panel held on Tuesday 11 September 2018 at 10.00 am at 160 Tooley Street

PRESENT: Councillor Victoria Mills (Chair)
Councillor Peter Babudu
Duncan Whitfield
Chris Cooper
Karim Jalali
Alex Moylan
Susan Greenwood
David Cullinan

**OTHERS
PRESENT:** Caroline Watson
Marie-Andree Scott
Tom Bacon
Mike Ellsmore
Andrew Weir

1. WELCOME AND APOLOGIES

The chair welcomed everyone to the meeting.

Apologies were received from Councillor Eliza Mann.

2. CONFIRMATION OF VOTING MEMBERS

The members present were confirmed as the voting members.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.

4. MINUTES

RESOLVED:

That the open minutes of the pensions advisory panel meeting held on 20 March 2018 be agreed as a correct record and signed by the chair.

5. MATTERS ARISING

Duncan Whitfield and Mike Ellsmore reported to the pensions advisory panel that the evaluation of the costs of public sector pensions schemes indicated that most public services schemes might need to change member benefits.

Duncan Whitfield informed the pensions advisory panel that the LGPS Scheme Advisory Board would be putting forward a response to the Treasury for the LGPS.

6. INTRODUCTION TO SOUTHWARK PENSION FUND INVESTMENT STRATEGY

Alex Moylan outlined the pension fund investment strategy to the pensions advisory panel. It was noted that the Southwark pension fund was currently 98% funded.

There was discussion about the sustainable infrastructure target and the carbon footprint of the investment portfolio.

There was also discussion about the London collective investment vehicle (CIV) for London local authorities (LLA) pension funds. The chair advised that she wanted to better understand what CIV does to benefit the Southwark pension fund.

Duncan Whitfield gave an undertaking to report back on the CIV at the next pensions advisory panel meeting.

7. PENSIONS FORWARD PLAN

Alex Moylan introduced the report. He advised that the next triennial actuarial valuation would take place as at 31 March 2019.

There was discussion around the sustainable infrastructure funds and how the pension fund addressed environmental, social and governance (ESG) issues.

There was also a discussion regarding the sustainability of biomass investments. Alex Moylan gave an undertaking to circulate information to the pensions advisory panel in relation to biomass.

RESOLVED:

1. That the next steps for the fund as part of the triennial actuarial valuation and investment strategy review cycle be noted:

- i. Monitor performance of the new £300m low carbon equity allocation.
 - ii. Manage the implementation and drawing down of funds for the 2% allocation to Glenmont Clean Energy Fund III.
 - iii. Look to identify other opportunities to build up over time the Fund's 5% target to sustainable infrastructure
 - iv. Continue preparation for the 2019 actuarial valuation.
2. That officers invite Glenmont to report to a future pensions advisory panel meeting.

8. CARBON FOOTPRINT

Alex Moylan presented the report. It was noted that the Southwark pension fund had reduced its carbon footprint by 17.3% when compared with September 2017.

Karim Jalali raised concerns regarding the low carbon fund's investment in Royal Dutch Shell.

There was a discussion about commissioning an external review and audit of progress made so far.

RESOLVED:

1. That the significant progress made by the fund to date in efforts made to capture the carbon footprint of the whole investment portfolio be noted.
2. That the reduction in carbon exposure achieved by the fund to date be noted.
3. That the fund shall commission an external review and audit of the progress made so far; including the methodology and assumptions that underlie the assessment to validate progress and form the basis for future carbon targets.
4. That officers shall publicise the work of Southwark Council to date in relation to reducing the carbon footprint of the pension fund and advocate this to other local authorities.

9. QUARTERLY INVESTMENT UPDATE

There was a quarterly investment update from the representatives from Mercer.

There was a discussion in relation to the fund's performance and the allocation of funds to different asset classes.

RESOLVED:

1. That officers continue to monitor the performance of Newton.
2. That the quarterly investment update be noted.

10. PENSION FUND STATEMENT OF ACCOUNTS & EXTERNAL AUDIT REPORT

Alex Moylan presented the report. It was noted that this was the first year that local authorities must comply with the shortened statutory deadline by publishing an audited statement of accounts prior to 31 July. It was further noted that the auditor was very satisfied with the accounts and supporting documentation.

There was discussion around errors in member data.

Officers gave an undertaking to present an update on pensions administration at the next pensions advisory panel.

RESOLVED:

1. That the attached pension fund statement of accounts for the financial year 2017-18, approved by the audit, governance and standards committee on 18 July 2018 as Appendix A be noted.
2. That the pension fund audit findings report as issued by Grant Thornton as Appendix B be noted.

11. OTHER STANDING ITEMS

11A. QUARTERLY ACTUARIAL FUNDING UPDATE

Alex Moylan presented the report to the pensions advisory panel.

RESOLVED:

That the quarterly actuarial funding update be noted.

11B. RESPONSIBLE INVESTMENT & ENGAGEMENT MONITOR

Alex Moylan presented the report.

There was a discussion regarding what the responsible investment and engagement monitor would cover.

Members advised that they would feedback their thoughts to Alex for an updated report to come to the next meeting of the pensions advisory panel.

RESOLVED:

That the responsible investing and engagement action taken by Southwark pension fund over the quarter to June 2018 be noted.

12. ANY OTHER BUSINESS

It was noted that the next meeting would take place on 13 November 2018.

The meeting ended at 12.20pm

CHAIR:

DATED: