

Local Pension Board

Minutes of the Local Pension Board meeting held on 10 October 2018 (10am training, 10:35am formal meeting). Held in meeting room 202 – 160 Tooley Street, London SE1 2QH

- Present: Mike Ellsmore (Independent Chair)
Sue Plain – Employee Representative
Tony O'Brien – Retired Employee Representative
Norman Coombe – Employer Representative
Fiona Dean – Employer Representative
- Apologies: Dominic Cain –Employer representative
Neil Tasker – Employee Representative
- Officers: Jo Anson – Head of Financial & Information Governance
Barry Berkengoff – Pensions Manager
Alex Moylan – Senior Finance Manager
Caroline Watson – Divisional Accountant
Marie-Andree Scott - Accountant
Molly Makinson – CIPFA Trainee

Item No	Item
1	<p>Apologies:</p> <p>Dominic Cain; Neil Tasker</p>
	<p>Training Session – Member Benefits and Pensions Taxation</p> <p>Daniel Kanaris, AON</p>
2	<p>Notice of Intention to Conduct Business in a Closed Meeting</p> <p>To note the item specified below will be conducted in a closed meeting</p> <ul style="list-style-type: none"> • Agenda Item 10 – Quarterly Investment Update <p>Resolved: There were no representations relating to this item.</p>
3	<p>Disclosures of Interest & Dispensations:</p> <p>NC: pensioner in pension scheme.</p>

4	<p>Minutes of Last Meeting</p> <p>Resolved: that the minutes of the meeting held on 11 July 2018 are agreed as correct by the board.</p>
5	<p>Matters Arising/Action Tracker</p> <p>Matters Arising</p> <ul style="list-style-type: none"> • Appointment of vice chair: NC advised that this should be added to a future agenda as an explicit item. Nominations to be received and duration of appointment confirmed. For continuity purposes, it was agreed that appointment would be on a different annual renewal date to that of the chair. <p>Agreed: nominations to be received through the chair and terms of reference to then be amended.</p> <ul style="list-style-type: none"> • SP requested an update regarding the progress of appointing an academy representative. AM advised that person who had been identified was no longer available to take up the position. Now working with schools to obtain a representative. • SP referred to page 5 in the minutes and the action to invite the strategic director of finance and governance (SDFG) to the meeting. It was confirmed that a letter had been sent to him instead. <p>Resolved: SDFG to be invited to LPB once a year and ME to action this.</p> <ul style="list-style-type: none"> • SP requested that an action column is added to the minutes in future with initials indicating the responsible person. <p>Action Tracker</p> <ul style="list-style-type: none"> • AM confirmed the employers issue report has been deferred to the January 2019 meeting. • SP queried the status of the employer discretions update in that it wasn't yet resolved. It was advised that JA had met with HR regarding this. <p>Action: AM to send an update to LPB members by email.</p> <ul style="list-style-type: none"> • FD raised concern regarding pensions letters received by staff regarding tax bills. Would be helpful to provide communications regarding potential impact and that staff are struggling to obtain information. <p>Action: FD to write to JA copying ME in.</p>

6	<p>Pensions Regulator – Independent Assessment</p> <ul style="list-style-type: none"> • DK set out Aon’s approach to self assessment and suggested that there would be a benefit in appointing Aon, in that they already have insight through the work they are doing for the LBS Fund. • Aon use a traffic light approach which produces output that identifies areas requiring focus. • SP raised concerns regarding professional reputation in that Aon would be reviewing work they had carried out for the Fund. DK stated that the work they complete for the Fund is then owned by LBS. • SP stated that there would be conflict in appointing Aon. AM confirmed that officers will have the opportunity to agree or disagree with Aon’s assessment. • AM advised that the work would be carried out by an independent person at Aon. • FD asked whether there are alternative options. AM confirmed that other LGPS actuarial firms could do it. • NC stated that given the perception around independence in using Aon, it may be better to use another provider. • ME: seek 3 quotes. Two to three page specification to be drafted which includes contact points, timescales and requirement to present to both LPB and PAP. • SP asked about the role of internal audit and requested that the terms of reference of the internal audit report is shared with LPB members. • ME: request in specification that responses set out how providers would deal with actual and perceived conflicts of interest. <p>Action: share specification virtually with LPB before next meeting.</p>
7	<p>Pensions Services Update</p> <p>Update provided by JA and BB.</p> <ul style="list-style-type: none"> • JA confirmed that LPB point regarding recruitment before the pensions manager was appointed had been taken on board. Therefore no action was taken before BB commenced in post. • Ongoing issues with schools regarding i-Connect. Work is underway to address this. Main issue is with 2 payroll providers. Looking at what can be done through administration strategy. Potential to enforce fines. Members were advised that BB had written to all schools and academies twice in the last month offering training. It was confirmed that a submission ‘reminder’ process is now in place, and then the escalation route is BB, JA then the strategic director of finance and governance. BB confirmed that it is the schools’ role to validate the data and not the council or payroll providers. FD asked about the risk to the fund of schools not complying. BB confirmed that there was a risk of not paying the correct benefits as per the regulations. The Fund could be liable for incorrect payments in future. • 99% of annual benefits statements were sent on time. • LPB asked for percentage achieved for each KPI in appendix 1 of the report. ME confirmed that KPIs need to measure compliance with statutory minimums. BB confirmed that aspirational targets would be set for long term and that this was only a starting point effective from 1 January 2019. ME: caveat that LPB would expect that team’s target would be better than statutory minimum • NC asked when the targets set out in appendix 1 will be reviewed. JA advised that it would take 6 months to identify which ones are straightforward and which are not being achieved. NC requested report back to LPB in 6 months on how

	<p>KPIs are being progressed.</p> <ul style="list-style-type: none"> • SP raised issues regarding AVC statements. It was confirmed that there had been problems obtaining statements from Aegon and that there were customer care issues. However the investments are performing satisfactorily. <p>Resolved:</p> <ul style="list-style-type: none"> • Appendix 1: accept template. Agreed that it could be extended re stats. • LBS pensions services team targets to be extended in 6 months. • Action plan to be developed in respect of performance management to ensure fund can deliver outcomes in line with performance indicators.
8	<p>Pension Fund Statement of Accounts</p> <ul style="list-style-type: none"> • Confirmed no material issues identified by external audit. • Follow up points include: pension fund bank account – all transactions now going through account; overseas pensioners – action taken; errors in member data – in progress.
9	<p>Carbon Footprint Update</p> <ul style="list-style-type: none"> • PAP has requested the whole Fund is measured and that reassurance is gained that assumptions underlying measures are correct.
10	<p>GAD Section 13 Report</p> <ul style="list-style-type: none"> • LPB was asked to note the results of the Government Actuary's Department Section 13 Review.
11	<p>Pension Fund Risk Register</p> <ul style="list-style-type: none"> • AM: captures most significant pension fund risks and approaches taken to mitigate and control each risk. • NC asked if we track risks which have changed. AM confirmed that this information will be provided in future. • SP: triennial valuations and cost sharing not included in risk register. AM confirmed that valuation could be included as a risk and that risks are to the fund and not to scheme employers. • ME: changes in regulations puts pressure on the administration team. • R15: words 'cyber security' to be added to this risk. • R16: recognised that do not know outcomes. Therefore not able to offer mitigations at present.
12	<p>LPB Forward Plan</p> <p>The following items were added to the LPB forward plan:</p> <ul style="list-style-type: none"> • AVC provider review. • Cost transparency to be tabled in April 2019 when have full year of data.
13	<p>Review of PAP Meeting Papers</p> <ul style="list-style-type: none"> • AM referred to Fund's approach to setting long term strategy and the quarterly investment adviser report.

	<ul style="list-style-type: none">• SP referred to the responsible investment and monitoring report. The outcome of Newton's contentious votes are not reported – this would be useful. AM advised that the report is being reviewed and this will inform content of next version.
14	<p>Any Other Business</p> <ul style="list-style-type: none">• SP: asked when an up to date report would be provided on the governance review. AM suggested this could be incorporated in pensions regulator self assessment results.