

Local Pension Board

Minutes of the Local Pension Board meeting held on 23 January 2019 in meeting room 217 – 160 Tooley Street, London SE1 2QH

Present: Mike Ellsmore (Independent Chair)
Sue Plain – Employee Representative
Tony O'Brien – Retired Employee Representative
Dominic Cain – Employer Representative
Fiona Dean – Employer Representative

Apologies: Neil Tasker – Employee Representative

Officers: Duncan Whitfield – Strategic Director of Finance & Governance
Jo Anson – Head of Financial & Information Governance
Barry Berkengoff – Pensions Manager
Alex Moylan – Senior Finance Manager
Caroline Watson – Divisional Accountant
Marie-Andree Scott - Accountant

Item No	Item
1	<p>Apologies:</p> <p>Neil Tasker</p>
2	<p>Notice of Intention to Conduct Business in a Closed Meeting</p> <p>To note the items specified below will be conducted in a closed meeting</p> <ul style="list-style-type: none"> • Agenda Item 14 – Investment Strategy Update • Agenda Item 15 – PAP meeting papers <p>Resolved: There were no representations relating to these items.</p>
3	<p>Disclosures of Interest & Dispensations:</p> <p>none</p>

4	<p>Minutes of Last Meeting</p> <p>Resolved: that the minutes of the meeting held on 10 October 2018 are agreed as correct by the board, subject to the requested minor amendment: under the section 'resolved' in pensions services update, reference to fund to be amended to be more specific.</p>
5	<p>Matters Arising/Action Tracker</p> <p>Matters Arising</p> <ul style="list-style-type: none"> • Clarification requested regarding when next internal audit of the pension fund is scheduled. <p>Action Tracker</p> <ul style="list-style-type: none"> • AM confirmed that a specification for the pensions regulator self assessment has been sent to 4 actuarial firms and 2 independents. Responses will be assessed and then a summary of recommendations regarding appointment will be sent by email to LPB members. ME requested that a report on the findings goes to LPB before PAP. • Role of observers in LCIV: shareholders group has met twice. CC has met with LCIV officials to clarify his role. The other observer role of treasurer observer is also unclear at present.
6	<p>Appointment of Vice Chair</p> <ul style="list-style-type: none"> • Terms of reference have been updated to incorporate vice chair role. • Dominic Cain appointed as Vice Chair to commence January 2019 for one year. • Confirmed that the Vice Chair will have voting rights. • JA advised that clause 76 would need to be updated to 23 January 2019.
7	<p>Actuarial Valuation 2019 – Provisional Timetable</p> <ul style="list-style-type: none"> • AM advised that preliminary results will be tabled at PAP in October 2019 and at LPB in January 2020. • SP requested that LPB meet with actuaries regarding the setting of the discount rate (in relation to difference to GAD discount rate). • LPB requested an invite to PAP when actuaries present results in October 2019 and to parallel PAP on presentations and training.

8	<p>Pension Services Update</p> <ul style="list-style-type: none"> • JA provided an update on the section's restructure. Consultation paper will be sent out this week to staff and trade union reps. • i-Connect: no of employers not on boarded reduced to three. • BB (and Aon) to attend handover meeting with Strictly Education to clarify how schools interact with payroll provider and understand any issues around validation of data and how data then provided to payroll provider. • Administering authority discretions policy: collates all Fund policies in one place. Employers policy is being worked on by HR. • SP requested clarification regarding paragraph 17: how TUPE applies to employers discretion policies – administering authority vs. employers' own policies. JA to clarify. • Performance monitoring: requested that reference is made to benchmarking to CIPFA guidance. • AVCs review: ME – seek reassurances re costs to members of moving to new providers. Advised that members wouldn't be forced to move and would have option of staying with AEGON (e.g. those close to retirement). • FD: reference to member self service portal to coincide with ceasing to provide retired members with monthly payslips. • ME queried 90% figure in paragraph 19 of the report. On further analysis of the common data scores provided by Aquila Heywood, Pension Services had made minor adjustments to exclude failure categories not relevant to TPR Scheme Return, i.e. employees not in the LGPS (opt out records), and missing address info for members with no liability records (refunds, deaths, transfers out).
10	<p>Employer Activity Update</p> <ul style="list-style-type: none"> • AM advised that the purpose of this report is to highlight any changes regarding admission and exit of employers in the Fund. • Progress has been made regarding contributions from employers which were incorrect and not received on time. Tends to be small admitted bodies, such as charities. <p>Agreed: report to be tabled annually. But any exceptions to be reported when they arise.</p>
9	<p>LGPS Cost Management</p> <ul style="list-style-type: none"> • Scheme Advisory Board has proposed changes to bring cost of scheme back to its target cost (assessed as having become too cheap). Pressure for changes to come into place by April 2019. • DW: Government Actuary Department calculate cost of scheme every 3 years to assess against cost cap.
11	<p>Pensions Regulator Self Assessment</p> <ul style="list-style-type: none"> • Covered in agenda item 5.
12	<p>2019-20 Forward Plan</p> <p>The following items were added to the LPB forward plan:</p> <ul style="list-style-type: none"> • AVCs

13	<p>2019-20 Training Plan</p> <ul style="list-style-type: none"> • CIPFA Guide for LPB members to be distributed by email. • Details to be forwarded re CIPFA Annual Pension Board conference taking place in July. • SP requested that a letter be sent to Susan Murray and Diana Lupulesc re attending the April meeting. • Detailed training plan to be developed for new members.
14	<p>Investment Strategy Update – PAP 13 November 2018</p> <ul style="list-style-type: none"> • Update provided re new infrastructure allocation; and rebalancing (new property and infrastructure managers); • Work on carbon footprint to sit alongside investment strategy. • SP asked about benefit to fund from falling value of the pound and how the risk of volatility is being managed. AM advised hedging currency after the Brexit vote was considered. PAP made a decision not to hedge. • Report was noted
15	<p>Pensions Advisory Panel – Responsible Investment Monitor</p> <ul style="list-style-type: none"> • Report noted
16	<p>Any Other Business</p> <ul style="list-style-type: none"> • SP advised that this would be the last meeting of the LPB she will attend. Sue was thanked by the Board for her work on the LPB. • SP advised that Diana Lupulesc will change from substitute to employee member from April 2019.