

LOCAL GOVERNMENT PENSIONS BOARD

Monday, 7 October 2019

Minutes of the meeting of the Local Government Pensions Board held at the Guildhall EC2 at 1.45 pm

Present

Members:

James Tumbridge (Chairman)
Jon Averbs
Yvette Dunne

Martin Newnham (Deputy Chairman)
Mark Wheatley

Officers:

James Graham	- Group Accountant
Caroline Al-Beyerty	- Deputy Chamberlain
Jeff Henegan	- Assistant Pensions Manager
Matt Mott	- Pensions Manager
Christopher Rumbles	- Town Clerk's Department

1. APOLOGIES

Apologies were received from Christina McLellan.

The Chairman conveyed his apologies for missing the last meeting owing to urgent business. The Chairman also took the opportunity to congratulate the Deputy Chairman on his election at the last meeting.

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no declarations of interests.

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED – That the public minutes and non-public summary of the previous meeting held on 10th June 2019 be approved as an accurate record.

4. WORK PROGRAMME

The Board noted that there were no outstanding actions remaining from previous meetings.

5. TRAINING PRESENTATION

The Group accountant provided the Board with an introduction to investment and asset pooling in the Local Government Pension Scheme and talked through the main aspects of this. This included understanding and valuing liabilities; investment strategy regulatory requirements, investment objectives, asset allocation, strategy implementation; investment performance, key

investment risks, a responsible investment approach; asset pooling as part of the London Collective Investment Vehicle.

The Chairman referred to the deficit on the fund and the Deputy Chamberlain explained the plan to recover the deficit over a period of time through a variety of investments, each with varying degrees of risk and against an agreed investment strategy.

The Chairman asked for a periodic update to be brought to the Board setting out funding gaps and showing what was being done to close the deficit.

The Group Accountant further explained that Fund Managers were given clear targets, with more than one manager appointed offering different styles and each reacting differently to any change in markets. It was confirmed that current performance was ahead of target and in a good position with the investment portfolio outperforming what had been asked of it.

The Board noted the City Corporation was part of a London Collective Investment Vehicle with the 32 London local authorities and with this having £9bn of assets under its management at present.

The Chairman highlighted that the City Corporation had been actively involved in investment pooling from a very early stage. The Board acknowledged that the City Corporation was fortunate in having a range of Members that were familiar with investment pooling. The Group accountant assured the Board that the City Corporation was fully plugged in and very pro-active on investment pooling across London with a number of Members sitting on Boards. The City Corporation had been leading the way in facilitating investment pooling.

It was noted that further guidance on Collective Investment Vehicles was expected from the Secretary of State by the end of the year. Eight investment pools have been established in England and Wales with fresh guidance on lessons learned and moving forward due to be provided.

A Member questioned the City Corporation's policy on the social environment, its shape going forward and impact on the fund. The Group Accountant explained that the City Corporation had signed up to a responsible investment strategy. Environmental, Sustainability and Governance risks have never been more important, and the City Corporation takes the issue very seriously, as do its Fund Managers.

The Deputy Chamberlain remarked that a number of the City Corporation's most sustainable investments offered higher risk returns. It was stressed that the City Corporation was a long-term investor and that sustainable investments were good for the long-term.

The Chairman thanked the Group Accountant for his presentation and for updating the Board.

6. **THE CITY CORPORATION'S PENSIONS SCHEME - UPDATE**

The Board received a report of the Chamberlain providing an update on a range of topics relating to the City Corporation's Local Government Pension Scheme (the Scheme).

The Pensions Manager clarified that documents presented within the report were the same as last year with no substantial changes. Officers had considered it appropriate to maintain a level of consistency with the information provided to the Board, with the intention of seeking Members' views on their preferences going forward. Clarity was sought on whether the Board wanted to see big ticket items only, updates on those items that have been changed or to maintain a consistent approach year on year with the information being provided.

The Chairman proposed leading with the risk register. It was acknowledged that the risk register was in a good place at the present time, but it was suggested leading with this item to bring out those areas that required the Board's focus.

The Deputy Chamberlain questioned if the Board would benefit from a separate item on risk to allow the Board an appropriate level of focus on the key areas of risk. The Chairman remarked that he welcomed the additional documentation within the update report and acknowledged this offered a helpful reminder of what was being produced and also allowed for a sense check of whether officers were on track. The Chairman proposed the pack be structured differently going forward to allow a focus on areas of risk. A communications pack could then be provided separately to allow the Board continued oversight and understanding of all that was happening.

A Member referred to feedback from Scheme Members being brought out and highlighted to the Board. The Pensions Manager explained that all communications and documentation had generally been received quietly and positively by Scheme Members. The Deputy Chairman endorsed this comment highlighting the feedback he had received from people approaching him had demonstrated the newsletter was being received, it was being read and that it was fit for purpose.

The Chairman suggested a summary of contact during the year be included within the main report with feedback received summarised in a short paragraph beneath each heading. The Chairman also suggested that going forward the Pension Scheme update be split into two items. One item being a risk update coupled with the annual schedule of events and a second item including communications that have gone out, any communications back and feedback given.

The Pension Manager explained that there had been some feedback regarding annual benefits statements of which most was about the understanding of current and projected pension values. These are shown in sections 2 and 5 of the statement. The Board noted the intention to change the format of the Personal Benefit Statement in future to allow these sections of key interest to

be brought forward. It was agreed that in the interim the covering letter accompanying the Personal Benefit Statement would draw attention to sections 2 and 5 of the statement as the key sections for people to focus on.

The Chairman thanked the team for providing all the documentation, acknowledging the Board were happy with the pack and with it showing them what they needed to know.

7. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD

There were no questions.

8. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There was no other business.

The meeting closed at 2.58pm.

Chairman

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