

LOCAL GOVERNMENT PENSIONS BOARD

Monday, 5 October 2020

Minutes of the virtual meeting of Local Government Pensions Board held on Monday 5th October 1.45 pm

Present

Members:

James Tumbridge (Chairman)
Jon Averbs
Yvette Dunne

Martin Newnham (Deputy Chairman)
Mark Wheatley

Officers:

James Graham - Chamberlain's Department
Kate Limna - Chamberlain's Department
Jeff Henegan - Chamberlain's Department
Christopher Rumbles - Town Clerk's Department

1. APOLOGIES

Apologies were received from Christina McClellan.

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

There were no declarations of interests.

3. ORDER OF THE COURT OF COMMON COUNCIL

The Order of the Court, appointing the Board and setting its terms of reference, was received.

The Chairman questioned reference to his membership of the Board showing as five of six years having been completed and asked for clarification of this position to ensure it was correct. The Town Clerk agreed to review the position and report back.

4. ELECTION OF CHAIR

In accordance with Standing Order No 29, the Board proceeded to elect a Chairman for the ensuing year. James Tumbridge, being the only Member having expressed their willingness to serve was duly elected Chairman.

5. ELECTION OF DEPUTY CHAIR

In accordance with Standing Order No 30, the Board proceeded to elect a Deputy Chairman for the ensuing year. Martin Newnham, being the only Member having expressed their willingness to serve was duly elected Deputy Chairman.

6. MINUTES OF THE PREVIOUS MEETING

Resolved, that the public minutes of the previous meeting on 4th February 2020 are approved as an accurate record.

7. **WORK PROGRAMME**

The Board noted that there were no outstanding items on the Work Programme at this time.

The Chairman referred to a note he had asked the Pensions Manager to provide to the Board updating them on key issues following cancellation of the June Board Meeting, and which he hoped Members had found useful.

The Chairman flagged an issue relating to the City Corporation's proposed investment in IT equipment that would go towards supporting the administration of pensions. The Chairman added that, whilst it was not for the Board to make a decision regarding the investment, he had asked that a paper be presented to the Board to allow an opportunity for any issues or concerns of the Board to be raised and fed into the procurement process. This was an item for discussion later on the agenda.

Resolved, that the update be noted.

8. **THE CITY OF LONDON LOCAL GOVERNMENT PENSION SCHEME RISK REGISTER**

The Board considered a report of the Chamberlain that presented existing risks and actions present on the Local Government Pension Board's Risk Register.

The Chairman referred to the presentation of the risk register and whether the striking out of old text and inclusion of new text was now the standard format. The Chamberlain explained that the Board's risk register had followed the same format as Financial Investment Board in allowing Members to see what the information was before, alongside the new text in an effort to make it easier for Members to see what had changed. Members endorsed this approach agreeing it added a good reference point and should continue in this way.

Resolved, that the Board noted the existing risks and actions present on the Local Government Pensions Board risk register and agreed that there were no further risks relating to the pension administration overseen by the Local Government Pensions Board.

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

The Board received a report of the Chamberlain providing information on a range of topics in relation to the City Corporation's Local Government Pension Scheme.

The Chairman referred to the evolving situation of the Covid-19 pandemic and questioned whether there had been any shift or change since the papers had been prepared. The Chamberlain explained the position had remained consistent since lockdown began in March. The team were continuing to work as best they can through the current situation, with one or two staff going in once a week in recent weeks.

A Member questioned whether there were any longer-term implications on the administration of the scheme given the continued advice for staff to continue to

work from home. The Chamberlain responded explaining the City Corporation continues to develop its systems e.g. IT and telephony to accommodate the increased working from home. Latest advice remains that staff should continue to work from home. The Chamberlain commended staff on how well they had responded to issues arising from the Covid-19 pandemic in dealing with additional areas of work and requests coming through. The City Corporation continues to keep its staffing arrangements under review and the Pensions Team falls within that remit.

The Chairman questioned whether the pandemic had caused any issues in terms of communication to scheme members. The Chamberlain responded confirming that annual benefits statements had recently been issued successfully by an external provider. Annual allowance statements having also recently been issued to those scheme members affected with the physical printing and posting of these undertaken by the Pensions Office. All other communications had been sent via email using suitable security provision and to date it had worked well. Going forward, any new electronic system that can accommodate different ways of working such as self-service would be of great benefit.

A Member referred to the impacts through Covid-19 of people being affected by death in service. It was acknowledged that the response received from the Pensions Team had been pro-active and efficient in responding to and meeting tight deadlines and in providing timely information and advice. The Member asked that the recognition of the Pensions Office be formally acknowledged.

The Chairman asked that the Board's thanks be put on record to the Pensions Office for all their work throughout the recent period in responding to the Covid-19 pandemic.

A Member referred to flexible retirement potentially seeing a larger proportion of scheme members retiring and reference to this remaining cost neutral. It was questioned how this worked in actuarial terms and also when funds (pension strain costs) can be expected to be transferred into the Pensions Fund. The Chamberlain proposed a request go back to colleagues in HR through the Town Clerk asking that they bring back a more formal response on the flexible retirement arrangement at the next meeting.

The Chamberlain confirmed that the Pension Fund would be compensated by the employer for the pension strain arising from early retirements. As people retired funds would move over from the City Corporation (as employer) to the Pension Fund. The Chamberlain agreed to provide a more formal response at the next meeting once they were in receipt of more information.

The Member agreed that it would be useful to receive an update at the next meeting to allow the Board to understand how the process was cost neutral and any potential long-term impact.

The Chairman referred to the employee contribution band review within the report and a target date for completion of one week ago. The Chamberlain

clarified the review had now been completed, but that it had been unclear at the time of preparing the Board papers whether the team would have sufficient resources to complete the task. The Chamberlain confirmed implementation had been from 1st October.

Resolved, that the update be noted.

10. **LGP BOARD - PENSION FUND INVESTMENT ACTIVITIES 1 APRIL 2019 TO 31 MARCH 2020**

The Board received a report of the Chamberlain providing a summary of the investment activity of the Pension Fund from 1 April 2019 to 31 March 2020.

The Chairman referred to increased volatility seen through impacts of the Covid-19 pandemic and asked if there was any steer on how the position was looking and whether the challenges of 2020 might have an impact on slowing progress down on the work of reducing funding gaps.

The Chamberlain explained that the actuarial valuation was carried out every three years and there was currently no advice from the SAB that this should be re-done at the present time, with the next review expected in two years' time. The Chamberlain assured the Board that the position would be kept under review.

The Chairman acknowledged that the impact on investments in 2020 were not likely to be fully understood until the middle of next year.

Resolved, that the Pension Fund Investment activities be noted.

11. **PENSION FUND - INVESTMENT STRATEGY STATEMENT**

The Board received a report of the Chamberlain providing a revised Investment Strategy Statement.

The Chairman explained the Statement had been presented to the Board to allow oversight of good governance, with the Financial Investment Board being focussed on the investment activity.

The Chairman acknowledged that it had been a challenging year and that he would be happy to follow the guidance set out within the statement.

Resolved, that the Investment Strategy Statement be noted.

12. **PENSION FUND - DRAFT ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020**

The Board received a report of the Chamberlain presenting the draft Pension Fund Annual Report.

A Member acknowledged the huge amount of work that had gone into producing the annual report and passed on their thanks for providing such clear information. It was questioned whether there was anything that might be

added to the report that was not already included or whether there were any other strategy documents that were even more comprehensive.

The Chamberlain explained that the annual report was a statutory document that had to be produced and that there was clear guidance on what needed to be included within it. This was the public annual report and provided all public information on the Pensions Fund and it was the most comprehensive report available. If there was any additional information the Board required then this could be provided, but it would not need to be included within this document.

Resolved, that the report be received and its content noted.

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

There were no questions.

14. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no additional items of business.

15. EXCLUSION OF THE PUBLIC

Resolved, that under section 100(A) of the Local Government Act 1972, that the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

16. PENSION ADMINISTRATION SYSTEM PROCUREMENT

The Board considered a report of the Chamberlain providing Members with information on procurement of a pensions administration system.

17. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD

There were no non-public questions.

18. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

There were no urgent items of business.

The meeting closed 2.55pm.

Chairman

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