

## PENSIONS BOARD

Wednesday 3 October 2018 at 5.30 pm

### MINUTES

Councillor Danial Adilypour (Chair), Councillor Linda Bray and Councillor Nicole Griffiths

#### PRESENT:

**Co-optees:** Ian Fall, Glenis Williamson, Toyin Laguda

#### 1. **DECLARATIONS OF PECUNIARY INTEREST**

There were no declarations of interest.

#### 2. **MINUTES FROM THE PREVIOUS MEETING**

The minutes of the meeting of 10 July 2018 were agreed as an accurate record of the meeting.

- It was confirmed that the Pension Fund had 2.2% invested in fossil fuels.

#### 3. **LAMBETH PENSION ADMINISTRATION - QUARTERLY PERFORMANCE UPDATE TO END OF AUGUST 2018**

Linda D'Souza, Interim Head of HR Operations, introduced the report and answered questions as below:

- Officers were working with Aquila Heywood (Altair pensions software provider) to improve data accuracy and detail.
- Percentages of key work completed within targets was low due to medical absences in the team, but this had now been resolved. It was noted that depleting local authority budgets led to increased workforce stress in the same way as other service areas within the council, but that there was no underlying issue within the team, but would be reviewed.
- Completing work within targets was heavily affected by contacting and receiving information from ex-employees, and the poor target completion on the 'death' performance indicator could also be the result of next of kin taking time to complete essential forms. It was hoped that the system would identify this in future (to differentiate Lambeth delays and where officers were awaiting information).
- The governance review identified areas to make improvements to the system, which would aid in the timely delivery of targets by aiding staff to identify delays.
- Once the system had been redeveloped, officers would then review target dates.

#### **RESOLVED:**

1. To note the Pension Administration Service Performance update covering the period June 2018 to August 2018.

#### 4. **LAMBETH PENSION FUND - GOVERNANCE REVIEW 2017/18**

Hamant Bharadia, Assistant Director for Strategic Finance, stated that the Governance Review

had been completed by AON Hewitt, one of largest advisors of corporate governance, as detailed in Appendix 1 (agenda pack, page 1-83) and answered questions as below:

- The action plan would be presented to the next meeting, to be delivered over 12-18 months.
- Lambeth were in mid-range for staffing against other pension funds in London and nationally.
- The Pension Fund had performed well and the team had correct staff numbers, with the pending software (Altair) update to help improve processes and provide a better idea of issues. There were also issues on broader Committee and Board engagement and training,
- Officers would ascertain whether the staffing review could be released to members confidentially.

**RESOLVED:**

1. To note the report and action plan.

**5. LAMBETH PENSION FUND - ADMINISTERING AUTHORITY DISCRETIONS**

Linda D'Souza, Interim Head of HR Operations, introduced the report and noted:

- The governance review had recommended that all Pension Fund discretions were published, and the Pensions Committee had approved publication of this document.
- Civil partnerships were included in pension regulations in the same way as marriage, where there was an expression of wish and proof of civil partnership. Discretions on payment of benefits to Civil Partners related to the provision of proof to make payment.
- The 85 year rule for drawing benefits came into effect prior to 2006 (for LGPS scheme members prior to October 2006), and was a combination of age and length of service, which if added and equalled or exceeded 85 meant members could receive unreduced pension benefits. This was subsequently changed so that employers had discretion to switch on the 85 year rule to allow members access to unreduced benefits. The pension strain cost would be charged to the employer and not the pension fund, and would be considered on case by case basis.
- Ian Fall, trade union representative, noted that the 85 switch on should be the default position.

**RESOLVED:**

1. The Board is asked to note the administering authority discretions and the draft statement on the exercise of these discretions.

**6. LAMBETH PENSION FUND - INVESTMENT PERFORMANCE REVIEW - 30 JUNE 2018**

Hamant Bharadia, Assistant Director for Strategic Finance, responded to questions as follows:

- The Pension Fund's funding continued to improve, from 73% prior to the last valuation, to 80% funding in March and 83% currently.
- Investments continued to do better than planned and this was expected to continue over the next 3-5 years, with changes in the Investment Strategy from the Triennial Valuation 2016 now implemented.
- The Investment Strategy was put in place over the last two evaluation cycles and spread investments globally, taking account of risks, and was why the Fund continued to perform.
- The Fund had ethical and social policies captured by the Strategy, whilst Fund Managers had ESG (economic, social, governance) policies; which were tracked on a regular basis. These documents would be sent around to attendees for information.

- Investment decisions were reserved for the Committee and members could attend those meetings; however these decisions were made as part of the Investment Strategy and not as council decisions.

**RESOLVED:**

1. That the decision made by the Pensions Committee be noted.

**7. LAMBETH PENSION FUND - INVESTMENT MANAGERS SUMMARY - 30 JUNE 2018**

The discussion of the Manager's Summary was taken with the above item.

**RESOLVED:**

1. That the decision made by the Pensions Committee be noted.

It was confirmed that officers were ascertaining training dates and would hopefully confirm these soon. In discussion it was noted that members largely preferred full day training courses instead of shorter sessions; however it was recognised that it would not be ideal for long-term members to repeat the training in full.

**CLOSE OF MEETING**

The meeting ended at 6.08 pm

CHAIR

Date of Despatch: Thursday 11 October 2018

Contact for Enquiries: David Rose

Tel: 020 7926 1037

E-mail: [drose@lambeth.gov.uk](mailto:drose@lambeth.gov.uk)

Web: [www.lambeth.gov.uk](http://www.lambeth.gov.uk)

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