

Decisions of the Pension Fund Committee

19 July 2016

Councillors:-

Cllr Mark Shooter (Chairman)

Cllr John Marshall (Vice-Chairman)

* Cllr Rohit Grover
* Cllr Andreas Ioannidis

* Cllr Jim Tierney
* Cllr Peter Zinkin

* Cllr Arjun Mittra

* denotes Member Present

1. MINUTES (Agenda Item 1):

The Chairman of the Pension Fund Committee, Councillor Mark Shooter welcomed Councillor Rohit Grover to the Committee following adoption of the new Committee Membership at Annual Council.

The Committee agreed to the following changes to the previous minutes:

- That on p.1 under item 3 (Disclosable Pecuniary Interests and Non Pecuniary Interests) the declaration for Councillor John Marshall include the wording '*and beneficiary of LGP Scheme*'
- That on p.2 under item 8 (Pension Fund External Audit Plan for the Year ended 31 March 2016) the first paragraph to read, *The Pensions Fund Committee received a presentation from the Pension Fund's external auditor BDO. Leigh Lloyd-Thomas, a Partner at BDO introduced the report.*
- That on p.3 under item 14 (Review of Pension Fund Investment Strategy) in the fourth bullet point to read *The Committee agreed the following: 8% to be invested in illiquid asset strategies and therefore agreed 4% Partnership Group*

RESOLVED that subject to the above amendments, the minutes of the previous meeting of the Pension Fund Committee on 15 March 2016 be agreed as a correct record.

2. ABSENCE OF MEMBERS (Agenda Item 2):

None.

3. DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS (Agenda Item 3):

The following declarations were declared:

Member	Agenda Item	Interests Declared
Councillor Mark Shooter		Non Disclosable Pecuniary Interest by virtue of being beneficiary of LGP Scheme and having shareholdings in a number of companies that the fund had invested in.
Councillor		Non Disclosable Pecuniary Interest by virtue

Arjun Mittra	All Items	of being beneficiary of LGP Scheme and having shareholdings in a number of companies that the fund had invested in.
Councillor John Marshall		Non Disclosable Pecuniary Interest by virtue of being beneficiary of LGP Scheme and having shareholdings in a number of companies that the fund had invested in.
Councillor Peter Zinkin		Non Disclosable Pecuniary Interest by virtue of being beneficiary of LGP Scheme and having shareholdings in a number of companies that the fund had invested in.
Councillor Rohit Grover		Non Disclosable Pecuniary Interest by virtue of being beneficiary of LGP Scheme and having shareholdings in a number of companies that the fund had invested in.

4. PUBLIC QUESTION AND COMMENTS (IF ANY) (Agenda Item 4):

The Committee noted the answers to the Public Questions which were published. There were no supplementary queries raised.

5. REPORT OF THE MONITORING OFFICER (IF ANY) (Agenda Item 5):

None.

6. MEMBERS' ITEMS (IF ANY) (Agenda Item 6):

None.

7. BARNET COUNCIL PENSION FUND PERFORMANCE FOR QUARTER JANUARY TO MARCH 2016 (Agenda Item 7):

The Chairman introduced the report which sets out the Pension Fund performance for the January to March quarter 2016. The Chairman welcomed Andrew Elliott and Phil Spencer, Investment Consultants, Hymans Robertson LLP.

Mr Spencer introduced the report and noted the performance summary and the estimate progression of the Fund's funding position. The Committee noted that LGIM's global equity mandate has been set up to broadly hedge 50% of its overseas currency exposure. Mr Spencer stated that the scheme will have benefited from overseas currency exposure.

The Chairman welcomed the fund management companies' representatives and the Committee received representations from Newton Investment Management Limited, Legal & General Investment Management Limited and Schroders Investment Management Limited.

The representatives provided the Committee with the business update on their performance for the quarter January to March 2016 and their forecast for the coming period.

Councillor Zinkin expressed concerns over consistent underperformance in relation to the Schroder Life Diversified Growth Fund over a long period of time.

Councillor Zinkin highlighted a difference between the Absolute Newton Real Return Performance Indicator since inception, marked as 3.5 by the Independent Investment advisor and marked 5.1 by Newton Fund management representative. The Committee also noted a difference between the Absolute Schroder Life Diversified Growth Fund performance indicator and the indicator provided by the fund management representative.

ACTION: The Committee requested that the Independent Investment advisor reconcile performance figures with the fund management representatives in respect of data from Newton Investment Management and Schroder Investment Management and provide an update to the Committee.

The Chairman thanked the attendants for their presentations and thanked the Committee for the discussion. It was **RESOLVED:**

- 1. That having considered the performance of the Pension Fund for the quarter to 31 March 2016, the Committee instructs the Chief Operating Officer and Chief Finance Officer to address any issues that it considers necessary.**

8. UPDATE ON ADMITTED BODY ORGANISATIONS (Agenda Item 8):

The Chairman introduced the report and Iain Millar, Head of Treasury CSG presented the item to the Committee.

The Committee requested that information be provided to the Committee about shortfall in contribution payments made by Admitted Bodies, the risk and premiums. The Chairman requested that an update report be considered at the next meeting of the Pension Fund Committee to ensure Council risk is mitigated. **(ACTION)**

It was **RESOLVED** that:

- 1. The Pension Fund Committee notes the update to the issues in respect of admitted body organisations within the Pension Fund, as detailed in Appendix 1.**
- 2. That the Pension Fund Committee approves the 3 new Admitted Bodies to the Fund namely Hestia, Cambridge Education and ISS.**

9. LONDON COLLECTIVE INVESTMENT VEHICLE UPDATE AND RESPONSE TO LOCAL GOVERNMENT PENSION SCHEME REFORM CONSULTATION (Agenda Item 9):

The Chairman welcomed the report which provides an update on the progress made in setting up the London Local Government Pension Scheme Collective Investment Vehicle (London CIV).

The Committee received a presentation from Jill Davys, Assistant Director, Client Management, London CIV. Ms Davys informed the Committee about the background to the investment pooling agenda and noted the benefits of achieving efficiencies through collective investment.

Following a comment from the Committee, Ms Davys informed the Committee that downward pressure on fund management fees is likely to continue, however she noted that for effective management a certain level of resources will be needed.

The Pension Fund Committee's Independent Investment Advisor, Andrew Elliott made a comment in relation to the fund management costs and noted the importance of reducing costs. Mr Elliott also stated that part of delivering the objective is to have right resources in place to be able to deliver the objectives.

It was noted that the London CIV has received authorisation by the Financial Conduct Authority. Ms Davys briefed the Committee about the governance support and plans to open a mix of active and passive asset classes over the coming months.

The Committee received updates from fund management representatives Legal & General, Schrodgers and Newton Investment Management Limited. Following discussion, the Chairman thanked the Committee and the fund managers for their contributions.

It was **RESOLVED:**

1. **That the Pension Fund Committee noted the progress update on investing in the London CIV.**
2. **That the Committee noted the London Borough of Barnet (LBB) response to the Local Government Pension Scheme (LGPS) pooling review made in consultation with the Chair of the Pension Fund Committee at section 5.3.4.**

10. PENSION FUND ANNUAL REPORT AND EXTERNAL AUDITOR'S REPORT UNDER INTERNATIONAL STANDARD ON AUDITING (ISA) 260 FOR THE YEAR 2015/16 (Agenda Item 10):

The Chairman noted that the external auditor's report is not available for consideration by the Committee and that this item will be considered at a special additional meeting of the Pension Fund Committee subject to compliance with the Council's Constitution, Meeting Procedure Rules. The date for which will be agreed by the Committee in line with the Constitution.

11. FORWARD WORK PROGRAMME (Agenda Item 11):

The Chairman introduced the report which is a standing item on the agenda and which sets out the Committee's business items for 2016-2017. Mr Millar noted the Committee's request for an additional meeting to consider the Pension Fund Annual Report and External Auditor's Report under International Standard on Auditing (ISA) 260 for the year 2015/16.

The Committee requested to receive an update report on Pensions training requirements for Members at its meeting on 31st October 2016. **(ACTION)**

RESOLVED:

1. **That the Committee noted and commented as set out above on the items included in the Forward Work Programme Appendix A.**

12. ANY ITEM(S) THAT THE CHAIRMAN DECIDES IS URGENT (Agenda Item 12):

There were none.

The meeting finished at 21.00