

## **Decisions of the Pension Fund Committee**

16 October 2018

Cllr Mark Shooter (Chairman)  
Cllr John Marshall (Vice-Chairman)

Anthony Finn  
Anne Hutton  
Peter Zinkin (substitute)

Alison Moore  
Danny Rich

### **1. MINUTES (Agenda Item 1):**

Before the Committee approved the minutes of the last meeting Councillor Alison Moore moved that the first resolution of item 7 be deleted. This was agreed.

**RESOLVED** – That the Minutes of the meeting held on 30 July 2018 be approved.

### **2. MINUTES - EXEMPT (Agenda Item 2):**

Before the Committee approved the minutes of the last meeting Councillor Alison Moore moved that the first resolution of item 7 be deleted. This was agreed.

**RESOLVED** – That the Minutes of the meeting held on 30 July 2018 be approved.

### **3. ABSENCE OF MEMBERS (Agenda Item 3):**

An apology of absence was received from Councillor Elliot Simberg. Councillor Peter Zinkin was in attendance as a substitute member.

### **4. DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS (Agenda Item 4):**

Councillor Mark Shooter, Councillor Danny Rich, Councillor Anthony Finn and Councillor John Marshall declared a non-disclosable pecuniary Interest by virtue of being beneficiary of LGP Scheme and/or having shareholdings in a number of companies that the fund had invested in.

Councillor Anne Hutton and Alison Moore both declared a non-disclosable pecuniary Interest by virtue that they have shareholdings in companies that the fund had invested in.

Councillor Peter Zinkin declared a non-Disclosable Pecuniary as he stated that he has invested using platform and fund managers.

Councillor John Marshall declared a non-Disclosable Pecuniary as he stated that he an appointed representative as a Director on the RE Board.

### **5. PUBLIC QUESTION AND COMMENTS (IF ANY) (Agenda Item 5):**

None

**6. REPORT OF THE MONITORING OFFICER (IF ANY) (Agenda Item 6):**

None

**7. EXTERNAL AUDITOR'S REPORT (Agenda Item 7):**

The report was presented by external auditor Mr Leigh Lloyd-Thomas from BDO. He gave a summary of the report and highlighted Appendix A. The Committee noted that Appendix A was amended following its publication and therefore the document had been circulated in advance of the meeting and made available for public inspection.

The Committee noted that the accounts had been signed by the Director of Finance and the Chairman of the Pension Fund Committee.

The Committee question the quality and accuracy of the scheme data. The Director of Finance stated that the Council was monitoring the position and intended to continue to monitor the collection of data closely.

Mr Leigh Lloyd-Thomas from BDO stated that the data quality had improved, however he said that there should be an evaluation of the reporting standards.

The Committee were informed that there was a backlog of uncollected debtor invoices and therefore there should be better credit control measures put in place.

He concluded that the data was in the best position it's been in during the last 2 years. He suggested that there be a clear payments processes and oversight from a financial control perspective. He stated that the London Borough of Barnet was below average in regards to administration processes which he declared was weak. The Council's Director of Finance, Mr Bartle stated that it was important to the Council that the administration be fit for purpose and therefore, he assured the Committee that the Council were considering measures to improve the position. Members further noted that there were overdue contributions due to the Pension Fund and the Pension Fund Committee agreed that this was unacceptable.

Councillor Alison Moore noted her concern and requested to the Chairman that the Committee had a work programme and adopt the same consistency as other Committees within the Council. This was agreed by all Members.

Having considered the report the Committee:

**Resolved**

- That the Pension Fund Committee noted the matters raised by the external auditor in respect of the audit of the 2017/18 Accounts and Annual Report
- That the Pension Fund Committee requested that at the next meeting the audit recommendations and associated actions be reported
- That the Pensions Fund Committee agree that a work programme be reported at the next meeting.

**8. PLANNING FOR THE 2019 TRIENNIAL VALUATION (Agenda Item 8):**

The report was presented by the Scheme Actuary, Gemma Sefton of Hymans Robertson. She provided the Committee with the funding position of the Pension Scheme and noted the rate of contributions paid by employers is assessed every three years by the Scheme Actuary. The Committee noted that the next review date was 31 March 2019.

The Committee had the opportunity to discuss the role of the Actuary, the interaction between the Actuary, the Committee and Employers and the valuation timetable.

The Actuary suggested that completion of the triennial valuation will be helped if the scheme membership data as at 31 March 2018 was uploaded on to the Actuary's data portal for review. The Director of Finance stated that the data should be up to date and available as soon as possible for review by the Actuary. The Chairman requested that this be formally minuted. The Committee requested that an update be reported to the Pension Fund Committee at the meeting due to take place on 22 January 2019.

**Resolved**

- That the Pension Fund Committee noted the triennial valuation timetable and the contents of the report
- That the Pensions Committee requested that membership data of the fund be provided as soon as possible via the Actuary's portal.
- That the Director of Finance be requested to formally request the required valuation data from the administrator
- That the Pension Fund Committee requested that an update on the quality of the data be provided by the Actuary at the next meeting of the committee on 22 January 2019.

**9. TRANSFER VALUE IN RESPECT OF BARNET SOUTHGATE COLLEGE (Agenda Item 9):**

The Head of Treasury and Pension introduced the report.

He reminded Members that Barnet and Southgate college merged in 2011. He stated that the active members of Southgate College transferred from the Enfield scheme to Barnet Pension Fund. He noted that Enfield are seeking to retain deferred and pensioner members within their fund and requesting a transfer value of circa £4.2 million from Barnet Pension Fund.

Having considered the report:

**Resolved**

- That the Pension Fund Committee noted the ongoing discussions with Enfield. The committee requested that the Director of Finance submit a report to a future meeting in order to outline a full range of options for the committee to consider
- The committee requested that it be clearly document within the report the legal position and clarity on any liability
- That the committee requested that Barnet Southgate Collage be communicated with in advance of the next meeting.
- The Committee noted that this transfer had not been reported prior to 2018

**10. UPDATE ON ADMITTED BODIES ORGANISATIONS (Agenda Item 10):**

The Head of Treasury and Pensions introduced the report.

He provided an update to the Committee on the Admitted Bodies participating in the Local Government Pension Scheme administered by the London Borough of Barnet.

The Head of Treasury and Pensions informed Members that two Capita entities participating in the pension fund had failed to make payments of approximately £1.2m to the Pension Fund. The Director of Finance stated clearly that the overdue contributions must be paid and therefore he informed the Pension Fund Committee that he would be writing to the Pensions Regulator tomorrow (17 October 2018). He also confirmed that the Council were to make a payment to the Pension Fund this week which was noted. The Committee requested that they be informed once the council payment has been made.

The Director of Finance assured the pension Fund Committee that the Council took the issue of late payments very seriously and he stated that the failure to collect overdue contributions was due to a weakness in controls operated by the Council. He stated that the Council were implementing stronger financial controls and said that he would be monitoring the position.

### **Resolved**

- That the Pension Fund Committee noted the update concerning admissions, cessations, bonds and the monitoring of contributions as detailed below and in Appendix 1.
- The Committee requested that they be informed once the council payment has been made.

## **11. LONDON CIV POOLING UPDATE AND ALLOCATION (Agenda Item 11):**

The Head of Treasury and Pension introduced the report.

He told Members that LB Barnet Pension Fund is required by Government over an extended timescale to transfer its investments to oversight by the London CIV. He requested that Members considered the report, including the LCIV options for each of Barnet's existing investments.

The Chairman noted that he was a Committee Member on the London Council's Shareholder Committee. He said it was a benefit to the Fund to be part of the LCIV as the management fees paid by the fund are reduced. He also stated that the CIV operated clear due diligence processes when selecting and monitoring fund managers..

Members noted that there was an opportunity for Hymans Robertson to evaluate the Fund managers and therefore it was requested that an external validation take place in order for the Committee to have confidence in the selection process.

The Committee, having read the report and taking the guidance from the independent advisor:

### **Resolved**

That the pension fund committee agreed that a report be submitted by Hymans Robertson that outlines either a preference for the Funds existing debt fund managers or those offered by the LCIV.

**12. TRAINING NEEDS SELF-ASSESSMENT QUESTIONNAIRE (Agenda Item 12):**

The Head of Treasury and Pension introduced the report. He requested that Members completed the form located in appendix A.

Resolved

That the Pension Fund committee noted the report

**13. MOTION TO EXCLUDE PRESS AND PUBLIC (Agenda Item 13):**

The Charmain moved a motion to exclude the press and public for the remaining part of the meeting. This was agreed by the Committee.

**14. INVESTMENT ALLOCATION TO PROPERTY – (EXEMPT REPORT) (Agenda Item 14):**

The Head of Treasury and Pension introduced the report.

1. The Pension Fund Committee agreed to:
  - a. Invest £25 million into the CBRE Global Alpha Fund
  - b. to partially sell holdings in the Newton Real Return fund to finance the investment.
2. The Pension Fund Committee agreed to Delegate authority to the S151 officer to take any actions required to implement the Committee's decisions.

**15. FUND INVESTMENT - PERFORMANCE 30 JUNE 2018 (EXEMPT REPORT) (Agenda Item 15):**

The Head of Treasury and Pension introduced the report.

Nick Jellema, Investment Consultant from Hymans Roberts gave an overview of the performance of the fund for the quarter.

Having considered the report the Committee:

- Noted the performance of the Pension Fund for the quarter to 30 June 2018.
- Agreed that the Alcentra investment is switched into a fee structure with a flat fee of 0.6%.

**16. ANY ITEM(S) THAT THE CHAIRMAN DECIDES IS URGENT (Agenda Item 16):**

The Chairman introduced the report. He stated that the report was urgent and therefore he requested that the Committee consider the report.

The Committee:

**Resolved**

- Revoked the Council's delegation of the joint discharge of the relevant functions to the Pensions CIV Joint Committee ("PCSJC").
- Endorsed the new governance arrangements referred to in the paper and in the letter signed by the Chief Executive of London CIV and the Chief Executive of London Councils dated 13 June 2018 (appendix 1) "New Arrangements").

- Confirmed and accepted that the new governance arrangements supersede the PCSJC, support the dissolution of the PCSJC, and the making of appointments to the new Shareholder Committee and additional non-executive appointments and a Treasurer observer.
- Note that this report be reported at the next council meeting.
- Noted that Councillor Shooter was a Member on the Shareholder Committee
- Noted that the report be submitted to Full Council

The meeting finished at 21:40