

MEETING

PENSION FUND COMMITTEE

DATE AND TIME

THURSDAY 30TH MAY, 2019

AT 7.00 PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4AX

TO: MEMBERS OF PENSION FUND COMMITTEE (Quorum 3)

PLEASE NOTE THAT THE MEMBERSHIP FOR THIS COMMITTEE WILL BE APPOINTED AT ANNUAL COUNCIL ON 21 MAY 2019.

In line with the Constitution's Public Participation and Engagement Rules, requests to submit public questions or comments must be submitted by 10AM on the third working day before the date of the committee meeting. Therefore, the deadline for this meeting is 24 May 2019 at 10AM. Requests must be submitted to governanceservice@barnet.gov.uk

You are requested to attend the above meeting for which an agenda is attached.

Andrew Charlwood – Head of Governance

Governance Service contact: Paul Frost

Media Relations Contact: Gareth Greene 020 8359 7039

ASSURANCE GROUP

Please consider the environment before printing. The average Print Cost for this Agenda is £ 14.54 per copy.

ORDER OF BUSINESS

Item No	Title of Report	Pages
1.	Minutes	5 - 10
2.	Absence of Members	
3.	Disclosable Pecuniary interests and Non Pecuniary interests	
4.	Public Question and Comments (if any)	
5.	Report of the Monitoring Officer (if any)	
6.	Members' Items (if any)	
7.	Investment Strategy Update	11 - 16
8.	Pension Fund Costs and Expenses Appendices 1 and 2 can be found in the exempt part of this agenda.	17 - 22
9.	Admission Agreement and Bonds	23 - 28
10.	Data Quality	29 - 36
11.	Update from the Regulator A verbal update will be given at the meeting.	
12.	Any item(s) that the Chairman decides is urgent	
13.	Motion to Exclude Press and Public	
14.	Barnet Council Pension Fund - Performance for the Quarter to 31 March 2019 (EXEMPT)	37 - 66
15.	Pension Fund Costs and Expenses - Exempt Appendices 1 and 2 (EXEMPT)	67 - 70
16.	Any item(s) that the Chairman decides are urgent (continued)	

FACILITIES FOR PEOPLE WITH DISABILITIES

Hendon Town Hall has access for wheelchair users including lifts and toilets. If you wish to let us know in advance that you will be attending the meeting, please telephone Paul Frost. People with hearing difficulties who have a text phone, may telephone our minicom number on 020 8203 8942. All of our Committee Rooms also have induction loops.

FIRE/EMERGENCY EVACUATION PROCEDURE

If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by uniformed custodians. It is vital you follow their instructions.

You should proceed calmly; do not run and do not use the lifts.

Do not stop to collect personal belongings

Once you are outside, please do not wait immediately next to the building, but move some distance away and await further instructions.

Do not re-enter the building until told to do so.

This page is intentionally left blank

Decisions of the Pension Fund Committee

26 March 2019

AGENDA ITEM 1

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

Councillor Anthony Finn
Councillor Elliot Simberg

Councillor Alison Moore
Councillor Danny Rich

1. MINUTES (Agenda Item 1):

Before the minutes were considered and signed, Mr George Bruce gave an update on the Barnet and Southgate College merge, this was noted by the Committee.

Councillor Alison Moore said that she was delighted to see the Work Programme on the agenda.

Resolved:

- That the minutes of the meeting held on 22 January 2019 were approved as an accurate record

2. ABSENCE OF MEMBERS (Agenda Item 2):

An apology for absence was received from Councillor Anne Hutton. At 19:30 Councillor John Marshall gave his apologies and left the meeting due to clash of meetings.

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

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

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

The Pension Fund Committee noted the details of public questions and public comments that had been submitted and circulated. Members of the public had the opportunity to ask supplementary questions.

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

None.

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

None.

7. PLANNING FOR THE 2019 TRIENNIAL VALUATION (Agenda Item 7):

Peter Summers from Hymans Robertson introduced the report and noted the funding position of the pension scheme and rate of contributions paid by employers. He noted that the information is assessed every three years by the Scheme Actuary. The next review date is 31 March 2019.

Having consider the report the Pension Fund Committee:

Resolved:

That the Pension Fund Committee noted the triennial valuation timetable.

8. DATA QUALITY REPORT (Agenda Item 8):

Mr Gareth Hopkins introduced the report. He gave an overview of the reporting of the item and noted that the report been submitted to the Local Pension Board on 11 February 2019. He added that the quality of the data had been improved. Mr Hopkins requested that Peter Summers give an outline of the report which he duly did.

The Chairman requested that the Chairman of the Local Pension Board make a representation. Professor Geoffrey Alderman, Chairman of the Local Pensions Board gave clear concerns which he noted the Local Pension Board Members had observed, he gave a verbal reading of the minutes of the Local Pension Board Meeting that was held on 11 February 2019 which consider, item 11, Data Quality report. He noted that at this meeting he had gone on record to state that he was appalled by the state of affairs of the data quality. He started that the purpose of the Local Pensions Board was to observe, monitor and if required provide a warning to the to the Pension Fund Committee. He concluded that his attendance was to ensure that the committee are aware of the seriousness of the data quality and associated themes and therefore he said that he would continue to keep an open dialogue with Councillor Mark Shooter. The Pension Fund Committee noted this.

The Chairman requested that Mr Mike Green from Capita make a representation. He stated that Capita were committed to improving the quality of data. He outlined that resources were in place to rectify the position.

Councillor Elliot Simberg stated that there were diabolical errors and requested to know how this was monitored and what measures were in place in order for the data to be improved. He added that he was further concerned of the implications to members of the scheme are. Mr Peter Summers said that the valuation of the data will continue and the Committee will received a report to outlined further developments.

Councillor Alison Moore said it was clear 3 years ago that there was considerable work required to manage the quality of data accordingly. She requested to know why this wasn't flagged then and why this had not be managed. She wanted to know what Capita has been doing. What the Council has been doing. What the system is that that data is retained by.

Mr Kevin Bartle said the quality of Data has been an issue for some time. He stated that the Pensions regulator had been involved on a number of occasions and improvement notices had been served. He said it was important to review this objectively and he therefore requested that the Committee monitor this.

Having consider the report the Pension Fund Committee:

Resolved:

The Committee are asked to note the content of the Hymans Data Quality Report and the associated rectification plan (Appendix A).

9. ADMITTED BODY AND BOND STATUS UPDATE (Agenda Item 9):

Mr Gareth Hopkins introduced the report. He provided the Committee with a status update on the outstanding admitted body and bond agreements, as well as bond renewals and cessation calculations, that need arranging.

The Committee had the opportunity to consider the report and ask questions.

Mr Hopkins requested that authority be delegated to the Section 151 Officer in respect to admission agreements, this was duly agreed.

Having consider the report the Pension Fund Committee:

Resolved:

That the Committee to note the significant number of outstanding admitted body and bond agreements, including bond renewals and cessation calculations.

That the Committee agreed that delegation of admission agreements be granted to Section 151 Officer subject to the appropriate reporting methods.

10. REGULATORY UPDATE (Agenda Item 10):

Mr George Bruce introduced the report. He outlined that the Government continued to issue consultation documents on changes to the LGPS regulations. He stated that the report contained two new consultations (pooling criteria and fair deal) and he provided an update on the cost cap proposals.

Having consider the report the Pension Fund Committee:

Resolved:

The Pension Fund Committee noted the report and the ongoing consultations that may impact on the LGPS regulations.

11. PENSION FUND EXTERNAL AUDIT PLAN FOR THE YEAR ENDED 31 MARCH 2019 (Agenda Item 11):

Mr Michael Asare Bediako from BPO introduced the report. He provided a summary of Appendix A that set out the audit plan for 2018/19.

The Committee had the opportunity to consider and make comments in respect to the report.

Having consider the report the Pension Fund Committee:

Resolved:

That the Pension Fund Committee noted the audit strategy for the 2018/19 Report and Accounts

12. PENSION FUND INVESTMENT PERFORMANCE_EXEMPT (Agenda Item 12):

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

Having considered the report, the Committee:

Resolved

- **The Committee noted the performance of the Pension Fund for the quarter to 31 December 2018.**
- **The Committee noted the exempt information.**

13. STRATEGY UPDATE (Agenda Item 13):

Mr George Bruce introduced the report and highlighted the information in the report and Appendix C. Mr Yoel Deal from Hymans Robertson introduced the exempt information in appendix A and B.

Having considered the report, the Committee:

During the discussion of the item the committee agreed that recommendation 1 be amended in order that delegated power be discharged to the Director of Finance and Section 151 Officer instead of the Chairman.

Resolved

- 1. To delegate approval to the Director of Finance and Section 151 Officer in consultation with Hymans Robertson to select a suitable fund for a 2.5% investment in long-lease property from the choices identified in paragraph 1.6.**
- 2. To invest £54 million in the LCIV Emerging Markets Equity Fund subject to any announcement to on 27 March 2019.**
- 3. To delegate approval to Hymans to identify suitable private equity managers for presentation at a future meeting.**
- 4. To approve the revised table 1 to be included in the investment strategy statement (appendix C).**
- 5. To delegate authority to the Director of Finance and Section 151 Officer to take actions to implement recommendations 1&2.**
- 6. The Committee noted the exempt information contained in Appendix A and B.**

14. WORK PROGRAMME (Agenda Item):

The Committee noted the work programme.

15. ANY ITEM(S) THAT THE CHAIRMAN DECIDES IS URGENT (Agenda Item 14):

There were no urgent items.

The meeting finished at 21:13

This page is intentionally left blank

	<h2>Pension Fund Committee</h2> <h3>30 May 2019</h3>
Title	Strategy Update
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	None
Officer Contact Details	George Bruce, Head of Treasury, CSG george.bruce@barnet.gov.uk - 0208 359 7126

Summary
<p>This note follows on from the investment strategy discussions at recent meetings and provides an update on implementation of decisions made by the Committee and contains proposals on property, emerging market equities and private equity. Also included is a proposed update to the investment strategy statement.</p>

Recommendations
<ol style="list-style-type: none"> 1. To purchase £27 million of holdings in the Aberdeen Standard Long Lease Property Fund from an existing investor. 2. To defer investment in the LCIV Emerging Markets Equity Fund until the new management arrangements are considered. 3. To consider proposals at the meeting from Hymans Robertson to address delays in the launch of the LCIV private debt fund. 4. To delegate authority to the Finance Director to take actions to implement recommendations 1&3.

1. WHY THIS REPORT IS NEEDED

1.1 Acting in its capacity as Administering Authority to the Barnet Pension Fund, it is the responsibility of London Borough of Barnet to ensure that the Pension Fund complies with legislation and effectively manages the Fund's financial affairs.

1.2 At recent meetings the Committee has made decisions relating to the funding of new asset classes and the appointment of new investment managers. Progress is discussed for each below. Decisions are proposed in connection with long lease property, and potentially private debt. The issues discussed below are:

- Property
 - Overseas
 - Long lease
 - UK
- Private debt
- Emerging market equities
- Private equity

Overseas Property

1.3 A commitment of \$32 million (approximately £25 million) has been made to the CBRE Global Alpha fund as part of the proposal to invest 10% of the fund in property. CBRE have advised that they expect to drawdown the funds around June – July 2019, although this depends on suitable investment opportunities being available.

Long-Lease Property

1.4 The Committee agreed at the March 2019 meeting to delegate authority to invest 2.5% of the fund (Circa £27 million) in long-lease property, with one option being the Aberdeen Standard Long Lease Property Fund that the Committee previously reviewed. An opportunity has arisen to purchase a £27 million holding in this fund from an existing investor. This will enable an immediate investment and avoid Aberdeen's 6-9 month investor queue. The price has been agreed as the net asset value of the fund plus 4.75% to settle on 3rd June 2019. This represents a saving of 1.13% versus the current primary price of NAV + 6.38% (broadly equating to c.£305k saving on the £27m investment) and is in line with the most recent transaction for this fund.

UK Core Commercial Property

1.5 The final element of the property proposition was an investment in UK Core commercial property. We have indicated to the LCIV our interest in investing but as yet there is not firm timetable to when the fund will be launched and monies invested. While concerns remain that property prices may face a correction in 2019 it is considered appropriate to allow the LCIV time to identify a manager for their UK commercial property fund.

LCIV Private Debt Fund

- 1.6 The Committee agreed at its meeting held on 22 January 2019 to invest £30 million in the LCIV Private Debt Fund. Unfortunately, the LCIV have delayed the launch of this fund due to legal issues connected with the fund structure. Given our continued underweighting to private debt consideration has been given to making an additional commitment to one of the current managers in this asset class – Partners and Alcentra. Hymans will discuss their proposals at the meeting.

Emerging Market Equities

- 1.7 The Committee agreed at the February meeting to invest £54 million in the LCIV Emerging Markets Equity Fund subject to any announcement on 27 March 2019. Subsequently, the Janus Henderson team managing the LCIV fund announced that they are leaving this firm. The LCIV is currently considering what actions to take. Janus Henderson are planning to recruit a new emerging markets team and the LCIV is also considering transferring management to a new fund manager. No investment will be made until the LCIV's new arrangements are known and the Committee has had an opportunity to meet the team that will manage the fund.

Private Equity

- 1.8 A date has been identified (25th June) to meet with potential private equity managers identified by Hymans Robertson to manage the proposed 5% allocation to this asset allocation. Any preferences expressed at this meeting will need to be confirmed at the subsequent Committee meeting in July.

Realisation to fund the new mandates

- 1.9 Currently funds are being realised from the Newton mandate when required to fund any of the new funds. This will continue and when the Newton fund is fully realised, the Schroders diversified growth fund will be realised to meet cash requirements.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The LGPS (Management and Investment of Funds) Regulations 2016 (Regulation 7(7)) requires the Committee to periodically (at least every three years) review the investment strategy. The proposal recognises that the strategy has been enhanced in 2015, 2016 and 2017. Modelling presented to the Committee at the June 2018 meeting indicated that the current strategy, while expected to achieve the funding objective, can be enhanced.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 The various alternatives are discussed in the paper and within the Hymans Robertson reports. The recommendations are based on modelling results.

4. POST DECISION IMPLEMENTATION

4.1 Delegation is requested to the S151 officer to implement the agreed actions.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 Good management of the Pension Fund will minimise the cost of providing benefits thus enabling funds to be directed to Council priorities.

5.2 Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 There are no direct resources issues for the council however changes in the financial performance of the pension fund affects the pension fund deficit reflected in the Authority's accounts and the level of contributions payable by the Council and other employers.

5.3 Social Value

5.3.1 The Public Services (Social Value) Act 2012 came into force on 31 January 2013. It requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits.

5.3.2 Before they start the procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.

5.3.3 The Act is a tool to help commissioners get more value for money out of procurement. It also encourages commissioners to talk to their local provider market or community to design better services, often finding new and innovative solutions to difficult problems.

5.3.4 There are no specific social value issues arising out of this report, however membership of the Pension Fund ensures the long term financial health of contributing employees on retirement.

5.4 Legal and Constitutional References

5.4.1 The LGPS (Management and Investment of Funds) Regulations 2016 (Regulation 7(7)) requires the Committee to periodically (at least every three years) to review the investment strategy.

5.4.2 The Council's Constitution – Article 7 – includes within the responsibilities of the Pension Fund Committee, (1) the approval of the Investment Strategy Statement and (2) the appointment of investment managers. This paper considers alterations to the asset allocation set out in the ISS.

5.5 Risk Management

- 5.5.1 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met.
- 5.5.2 Understanding the causes of sources and variabilities of scheme returns informs the management of investment and funding risk.

5.6 Equalities and Diversity

- 5.6.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.
- 5.6.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public-sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements and monitoring of the Pension Fund's managers will benefit everyone who contributes to the fund.

5.7 Consultation and Engagement

- 5.7.1 Not applicable.

5.8 Insight

- 5.8.1 Not applicable

6. BACKGROUND PAPERS

- 6.1 See agenda item 13, 26 March 2019.

	<h2>Pension Fund Committee</h2> <h3>30 May 2019</h3>
<p style="text-align: right;">Title</p>	<p>Pension Fund Costs and Expenses</p>
<p style="text-align: right;">Report of</p>	<p>Director of Finance</p>
<p style="text-align: right;">Wards</p>	<p>n/a</p>
<p style="text-align: right;">Status</p>	<p>Public with exempt appendices.</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix 1 - Pension scheme costs year to 31.3.2019 Appendix 2 – Notes on costs and expenses</p> <p>Exempt enclosures - Not for publication by virtue of paragraphs 3 of Schedule 12A of the Local Government Act 1972 as amended.</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>George Bruce, Head of Treasury, George.bruce@barnet.gov.uk - 0208 359 7126</p>

Summary

This report summarises the Pension Fund costs in the year to 31 March 2019, with a comparison to the previous year.

Recommendations

(1) That the Committee note the scheme costs in the year to 31 March 2019.

1. WHY THIS REPORT IS NEEDED

1.1 Pension fund costs are significant, £8.074 million in the year to March 2019. Historically, costs have been reported in aggregate to the Committee when approving the annual accounts. The attached breakdown of costs is to enable the Committee to monitor scheme expenditure.

- 1.2 Attached to the paper are two appendices detailing costs in the year to 31 March 2019 with a comparison to the previous year.
- 1.3 Traditionally, fund managers invoiced the fund and there was a high level of oversight of costs incurred. With the current investment structure, most of investment costs (£5.2 million in the year) are charged internally to the funds, which is less transparent and more difficult to monitor. In particular, we are reliant on the fund managers to report the fund transaction costs with little certainty that there is consistency of approach to reporting between managers.
- 1.4 Costs which are invoiced, are reviewed by the Pension Finance team and if necessary discussed with the Director of Finance.
- 1.5 The increase in reported costs of £2.204 million is due to the following:

Transaction costs - £0.917 million. The reporting of transaction costs by fund managers is improving and it is likely that prior year costs were understated.

IFM costs - £1.463 million. This investment commenced towards the end of 2017-18 and the costs in that year are for a short period. Realisations in the current year have resulted in significant performance fees. The value of the investment increased by \$5.763 million (8.5%) after fees in the year.

Hymans actuarial charges include preparation for the triennial valuation, advice on pension administration (£25,000) and advice relating to Barnet Southgate College (£13,100).

The costs relating to PIRC, LGA and Scheme Advisory Board cover two years.
- 1.6 Reporting of costs to the Committee will help to ensure that these are properly scrutinised and challenged by officers prior to payment.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The report is for noting.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None

4. POST DECISION IMPLEMENTATION

- 4.1 N/A.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 To ensure that the Pension Fund is being invested prudently and to the best advantage in order to achieve the required funding level. Effective monitoring of the Pension Fund will ensure that long term investment targeted returns are achieved and will provide support towards the Council's corporate priorities.

5.2 Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 The Pension Fund costs are ultimately reflected in the employers' contribution rates and good management of costs will help to control contribution rates.

5.3 Social Value

5.3.1 Membership of the Pension Fund ensures the long term financial health of contributing employees on retirement.

5.4 Legal and Constitutional References

5.4.1 Constitution – Under article 7 one of the responsibilities of the Pension Fund Committee is 'To meet review and consider approval of the Pension Fund Statement of Accounts, income and expenditure and balance sheet or record of payments and receipts'. A review of expenses falls within that remit.

5.4.2 There are no relevant legal references.

5.5 Risk Management

5.5.1 Monitoring of expenditure is a key element of protecting the assets of the pension fund.

5.6 Equalities and Diversity

5.6.1 Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

5.6.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public-sector equality duty. The public sector equality duty requires public authorities in carrying out their functions to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements and monitoring of the Pension Fund's managers will benefit everyone who contributes to the fund.

5.7 Consultation and Engagement

5.7.1 Not applicable

5.8 Insight

5.8.1 Not applicable

6. BACKGROUND PAPERS

6.1 None

This page is intentionally left blank

	<h2>Pension Fund Committee</h2> <h3>30 May 2019</h3>
Title	Admitted Body and Bond Status Update
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	None.
Officer Contact Details	Gareth Hopkins, Pensions Consultant George Bruce, Head of Treasury & Pensions

<h3>Summary</h3>
<p>This report provides the Committee with a status update on the outstanding admitted body and bond agreements, as well as bond renewals and cessation calculations, that need arranging.</p> <p>The Council has been working with relevant employers, Capita, Hymans Robertson and HB Public Law to ensure outstanding admission and bond agreements are put in place.</p>

<h3>Recommendations</h3>
<p>We ask the Committee to note the progress on outstanding admitted body and bond agreements, including bond renewals and cessation calculations.</p>

1. WHY THIS REPORT IS NEEDED

1.1 The Report is to update the Pensions Fund Committee on outstanding items in relation to:

- Admission Agreements
- Cessation Calculations

- Bond Renewals

Admission Agreements

- 1.2 The employers listed below are seeking to participate in the Local Government Pension Scheme. The Council is currently working with the employer, HB Public Law, and Hymans Robertson to arrange the admission agreements.

	Employer	Contract Start Date
A	Caterlink (Compton)	29/10/2018
B	Caterlink (Holly Park School)	
C	Caterlink (Queen Elizabeth Girls School)	01/08/2016
D	Caterlink (Totteridge)	01/08/2017
E	Churchill Catering (Queenswell School)	28/05/2016
F	Elior 1 (Archer Academy)	01/09/2017
G	Elior 2 (Cophall School)	01/09/2017
H	Green Sky 1 (St Lawrence)	01/05/2018
I	Green Sky 2 (Claremont)	19/01/2015
J	Green Sky 3 (St Michaels)	01/09/2014
K	HCL	01/09/2018
L	Olive Dining (Archer Academy)	01/09/2018
M	St Andrew's C of E (Ashlyn's)	01/04/2017

- 1.3 Since the last update provided to the Pension Fund Committee on 26 March 2019, admission agreements are with the organisations below for signing:

- Caterlink (Compton)
- Caterlink (Totteridge)
- Elior 1 (Archer Academy)
- Elior 2 (Cophall School)

- 1.4 As agreed at the Pension Fund Committee on 26 March, Hymans Robertson, the LBB actuary, has been instructed to priorities admission agreements with the highest number of staff.

- 1.5 LBB have drafted a comprehensive admission agreement process, which is to be agreed with key stakeholders.

Cessation

- 1.6 When the last active member leaves the Local Government Pension Scheme a cessation valuation must be calculated. The Council's actuary, Hymans Robertson, calculates both assets and liabilities in relation to the Scheme Employer to understand if there is a surplus or deficit at the end of the contract.

- 1.7 Historically, any surplus is retained within the Fund. However, the Regulations covering cessations have recently been changed – any surplus must now be paid to the employer. Should a deficit be calculated then this, in some cases, would need to be recovered from the relevant Employer.

- 1.8 The Council is currently working with the relevant Employer, HB Public Law, and Hymans Robertson to arrange the below cessation calculations.

	Employer	Contract End Date
A	Absolutely Catering (1) Queenswell	27/05/2016
B	Elior 1 (Archer Academy)	31/08/2018
C	Elior 2 (Cophthall School)	31/08/2018
D	GLL	31/12/2017
E	Housing 21	30/09/2015

Bonds and Bond Renewals

- 1.9 The below table sets out the Scheme Employers that require a bond to be put in place.

	Employer	Bond	Expired
A	Absolutely Catering (2) St James' Catholic School	Renewal	01/01/2019
B	Beat Educational Arts Trust	Renewal	28/02/2016
C	Fremantle Trust (2)	Renewal	17/04/2019
D	Hestia (Domestic Violence Service)	Renewal	05/12/2018
E	Mears Group	Renewal	30/09/2017
F	NSL Limited	Renewal	30/04/2017
G	OSC Group	Renewal	31/05/2017
H	Ridgecrest Cleaning	Renewal	30/09/2018
I	Servest (Henrietta Barnet School)	Renewal	01/11/2018
J	Viridian Housing	Renewal	16/08/2016

- 1.10 Bonds have been put in place in relation to Capita CSG and Capita RE – both expire on 24/11/2019.

2. REASONS FOR RECOMMENDATIONS

- 2.1 There is no action required of the Committee.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not applicable.

4. POST DECISION IMPLEMENTATION

- 4.1 Not applicable.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 To maintain the integrity of the Pension Fund by monitoring admitted body organisations and ensuring all third parties comply fully with admission agreements and bond requirements. This ensures that pension fund liabilities

are covered by the responding admitted bodies; this in return protects Barnet's liabilities and supports the Council's corporate priorities as expressed through the Corporate Plan.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 The work identified above is being done within existing resources.

5.3 Social Value

5.3.1 Membership of the Pension Fund ensures the long term financial health of the contributing employees on retirement.

5.4 Legal and Constitutional References

5.4.1 Regulation 2 and Schedule 2 of the Local Government Pension Scheme Regulations 2013 provide that a Local Authority, as an 'Administering Authority' for the Fund, may admit an organisation into the Local Government Pension Scheme, subject to that organisation, or the contractual arrangement between that organisation and the Council, meeting the criteria set out in the Regulations.

5.4.2 With respect to an admission agreement, the Regulations further provide for an assessment of the level of risk arising on premature termination of the provision of the service or assets because of insolvency, winding up or liquidation of the admission body. The assessment must be with the benefit of actuarial advice and, where the level of risk is such as to require it, the transferee admission body shall obtain an indemnity or bond to meet the level of risk identified.

5.5 Risk Management

5.5.1 The ongoing viability of the Pension Fund is dependent on acquiring assets that match the pension liabilities. All admitted bodies are subject to actuarial assessments and are reviewed to ensure compliance with admissions agreements and maintenance of appropriate employer contribution levels to mitigate against any risk to the financial viability of the pension fund.

5.5.2 There is a possibility of financial losses to the Pension Fund where arrangements around admitted bodies, bond agreements and contributions are not sufficiently robust. The Council is improving internal controls to ensure the Fund is protected.

5.6 Equalities and Diversity

Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons

who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation.

5.7 Consultation and Engagement

5.7.1 Not Applicable

5.8 Insight

5.8.1 Not applicable

6. BACKGROUND PAPERS

6.1 None

	<h2>Pension Fund Committee</h2> <h3>30 May 2019</h3>
Title	Data Quality Report
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Data Cleanse Summary
Officer Contact Details	Gareth Hopkins, Pensions Consultant George Bruce, Head of Treasury & Pensions

<h3>Summary</h3>
<p>At the Pension Fund Committee of 26 March, Hymans Robertson presented findings on the quality of membership data, which will be needed for the 2019 triennial valuation; the results highlighted a significant number of critical errors. The Council have been working with Capita to ensure that the number of critical errors are reduced, so that the data is fit for purpose for the upcoming triennial valuation. As at 11 April 2019, the number of significant errors had reduced by c. 90%.</p>

<h3>Recommendations</h3>
<p>The Committee are asked to note the content of the Data Cleanse Summary (Appendix A).</p>

1. WHY THIS REPORT IS NEEDED

- 1.1 The quality of membership data is central to the triennial valuation process. Should the quality of data not be to the standard required by Hymans Robertson then there could be delays to the valuation process.

- 1.2 The Council are holding Capita to account by monitoring progress using the Hymans 'portal' – this is effectively a third-party tool that will objectively measure progress.
- 1.3 Weekly "Checkpoint" meetings between the Council and Capita have been introduced to monitor progress. As at 11th April, critical errors had reduced to c. 775.
- 1.4 To assist reducing the number of data errors, Capita have a detailed project plan in place, overseen by a full-time project manager.
- 1.5 Capita have now written to third party providers where data is outstanding – should third party providers still not provide Capita with the information provided, LBB will write to the providers explaining possible sanctions if the required information is not sent.
- 1.6 Capita anticipate that all data will be submitted by providers and cleansed in time for an upload of test data to the actuarial portal in the first week of June.
- 1.7 Final data upload is planned to be completed by the end of July. Plan progress is being monitored on a fortnightly basis between Capita and LBB.
- 1.8 Appendix A provides a summary of the progress made to 11th April 2019.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Not applicable.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not applicable.

4. POST DECISION IMPLEMENTATION

- 4.1 Not applicable.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Pension Committee supports the delivery of the Council's strategic objectives and priorities as expressed through the Corporate Plan 2015 – 2020 by assisting in maintaining the integrity of the pension Fund by monitoring the administration and compliance of the Fund.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 Not applicable in the context of this report.

5.3 Social Value

5.3.1 Not applicable in the context of this report.

5.4 Legal and Constitutional References

5.4.1 The LGPS Regulations 2013 place responsibility for the local administration of pensions and other benefits under these Regulations on the administering authority, which is the London Borough of Barnet. The Public Service Pensions Act 2013 requires the Council to establish a Pension Board, whose role is to assist the Council in securing compliance with legislation, regulation and best practice, including as set out in the Pension Regulator's Code of Practice.

5.5 Risk Management

5.5.1 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met. Good governance is essential to managing the risks of the pension fund.

5.6 Equalities and Diversity

5.6.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation.

5.6.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements will benefit everyone who contributes to the fund.

5.7 Corporate Parenting

5.7.1 Not applicable in the context of this report.

5.8 Consultation and Engagement

5.8.1 Where relevant, consultation and engagement is discussed in the paper.

6. BACKGROUND PAPERS

6.1 None

This page is intentionally left blank

Introduction

As agreed with the London Borough of Barnet, the Universal Data Extract (UDE) has been run through the Brain Portal as of the date of this report. This is in addition to previous UDE runs performed on 13th March 2019, 20th March 2019, 27th March 2019 and 1st April 2019.

The table below compares current data compared against data produced by the Hymans Brain Portal during December 2018 and presented to the Local Pension Board. It also presents the results from the UDE run performed on the subsequent runs. This highlights the outstanding critical errors that need to be cleansed ahead of the 2019 scheme triannual valuation.

The results below include the UDE run performed on Thursday 11th April 2019.

Case Comparison

Status	December 2018	13 th March 2019	20 th March 2019	27 th March 2019	1 st April 2019	11 th April 2019	Comparison
Actives	6,642	4,724	3,903	1,782	951	773	178
Deferred	286	1,018	64	1	0	0	0
Pensioners	497	419	16	1	1	1	0
Dependants	228	30	0	0	1	1	0
Totals	7,653	6,191	3,983	1,784	953 (600 members)	775 (550 members)	90% cases cleansed

Of the above Active Errors (775)

- 168 (117 records) are due to the member leaving after 31/03/2018.
- 2 (2 records) are due to the member joining in March 2018 but not being paid until April.

This results in 605 errors (431 records) that continue to be actively managed by the Pensions Team and are being pursued externally with participating employers / payroll providers.

Due to 2018 / 2019 year end data now being actively received from employers to support the ABS project, and year end activities being completed on Hartlink during April (i.e. Pensions Increase / CARE processing) the Pensions Team will report closure of the remaining legacy validations separately, and outside of the Brain portal reporting to maintain visibility of the completion of these validations.

Once all 2018 / 2019 year end data has been loaded onto Hartlink during April / May, the UDE @ 31st March 2019 will be re-ran through the Hymans portal at fortnightly intervals to ensure the accuracy of data, and clearance of any further exceptions / validations arising from employer 2018 / 2019 year end data ahead of providing the UDE to Hymans by 31st July 2019.

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

AGENDA ITEM 14

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

AGENDA ITEM 15

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank