

MEETING

PENSION FUND COMMITTEE

DATE AND TIME

WEDNESDAY 24TH FEBRUARY, 2021

AT 6.00 PM

VIRTUAL MEETING

LINK TO VIRTUAL MEETING: [HTTP://BIT.LY/3RXY3FJ](http://bit.ly/3RXY3FJ)

TO: MEMBERS OF PENSION FUND COMMITTEE (Quorum 3)

Chairman: Councillor Mark Shooter

Vice Chairman: Councillor Elliot Simberg

Councillors

Anthony Finn

Arjun Mittra

Kathy Levine

Peter Zinkin

Anne Hutton

Substitute Members

Melvin Cohen

Ross Houston

Stephen Sowerby

Reema Patel

Eva Greenspan

Alison Moore

In line with the Constitution's Public Participation and Engagement Rules, requests to submit public questions or comments must be submitted on Friday 19 February 2021 by 10AM - Requests must be submitted to Paul.Frost@barnet.gov.uk

**You are requested to attend the above meeting for which an agenda is attached.
Andrew Charlwood – Head of Governance**

Governance Services contact: Paul Frost

Media Relations Contact: Tristan Garrick 020 8359 2454

ORDER OF BUSINESS

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Decisions of the Pension Fund Committee

7 October 2020

AGENDA ITEM 1

Cllr Mark Shooter (Chairman)
Cllr Elliot Simberg (Vice-Chairman)

Anthony Finn
Kathy Levine

Anne Hutton
Alison Moore

Peter Zinkin

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

Before the minutes were approved Members moved the following amendments:

That a 'h' be inserted to Councillor Finn's first name – 'Anthony'
That Councillor Peter Zinkin's attendance be added to page 1.
For item 11 an amendment be made to highlight 'have noted' in place of 'are noted'

Resolved:

That the Minutes of the meeting held on 27 July be approved

2. **ABSENCE OF MEMBERS (Agenda Item 2):**

None

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

Councillor Peter Zinkin declared a Non-Pecuniary interest in regard to item 12. He stated that Rimon Jewish Primary School was a tenant of a Synagogue of which he was part of the management. Councillor Zinkin therefore took part in the consideration and voting process.

Councillor Antony Finn and Councillor Mark Shooter made a Non-Pecuniary and stated that they was a Member of the Barnet Pension Fund. Councillor Finn and Councillor Shooter therefore took part in the consideration and voting process in all listed agenda items.

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

None.

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

None.

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

None.

7. ADMINISTRATION REPORT (Agenda Item 7):

The Committee considered the report that provided the Pension Fund Committee with an update on the current administration performance, Annual Benefit Statement (ABS), Remediation Plan and GMP reconciliation. Members' further noted that the transfer of the administration service from Capita to West Yorkshire Pension Fund from November 2020.

Mr Mark Fox noted that there had been errors in the annual benefit statements that had been sent to scheme members of the fund due to incorrect payroll information. Members of the Committee noted that 1,600 annual benefits statements would be re-issued.

Members of the Committee raised a number of concerns in respect to the performance levels of Capita. Councillor Alison Moore was given the opportunity to make a representation, in doing so she outlined a number of points relating to the underperformance of the administering authority, Capita. She said that there had been multiple areas where mistakes had been made and therefore, she noted that alarm bells should be ringing in regards to the management of the contract with Capita. She further noted that there had been costs to LB Barnet and she sought clarification on the management of payroll. Mr George Bruce said that the Council were discussing the payroll issues with Capita and seeking assurances on the necessary control improvements. He added that due to the LB Barnet Officer's and their experience they had identified a resolutions to a number of issues that would aid the hand over of the administration of the pension's fund to West Yorkshire Pension Fund. Mr Bruce said that the authority were in a better position than it was 12 months ago and was confident that the performance would improve following the transition. Mr Bruce said that undue reliance had been placed on outsourced providers to monitor the pension administration contract due to low levels of staff in comparison to other authorities. The Committee noted that part of the data remediation costs were being met by the LB Barnet Pension Fund. Councillor Peter Zinkin said that he supported the views of Councillor Moore and said that the errors in regard to the Annual Benefit Statements was unforgivable. He noted that Members across a number of Committees had noted that there had been inadequate pension resources to manage pensions. He concluded that a lot of work had been performed to remedy this matter of the last year. Mr Bruce said that West Yorkshire will be invited to the next meeting to provide an update and assurance to the Committee. The Chairman requested a written update before end of the year.

Councillor Kathy Levine requested that a report be submitted to Members that outlined what compensation the Council was to receive. Councillor Moore summed up her views on the item and supported Councillor Lavine's request for a report. He said that there are a repeated number of errors and underlining issues and challenges and requested a formal request from the Pension Fund Committee to outline the underperformance and costs incurred to the Pension Fund/Council. Councillor Kathy Levine moved for a report to be received that outlines the cost incurred and what compensation the Council would receive following the underperformance from Capita. Councillor Finn said that this was heavy handed. The attending Governance Officer outline the process of the proceedings. Therefore, Councillor Zinkin outlined that he agreed with the proposal and suggested the following:

That the Pension Fund Committee request that a report be submitted in regard to the arrangements that have been made in respect to the financial arrangements relating to

the termination of the Capita contract and the transfer to West Yorkshire. That the report includes all matters relating to the performance and in particular any costs associated to the pension fund.

The Chairman requested that this be voted on and therefore it was unanimously agreed

It was further noted that the Members gave instructions that this report be submitted to the Pension Fund Committee however it was noted that this report be of interest to the Finance, Contracts and performance Committee.

Having considered the report, the Pension Fund Committee:

Resolved:

- The Pension Fund Committee noted the current performance levels and the update on Annual Benefit Statements.
- That the Pension Fund Committee request that a report be submitted in regard to the financial arrangements relating to the termination of the Capita contract for pension administration. That the report includes reference to costs incurred by the pension fund due to poor performance by the administrator.

8. INVESTMENT STRATEGY, RESPONSIBLE INVESTMENT AND POOLING REPORT (Agenda Item 8):

The Committee received the report

Members of the Committee had the opportunity to consider the report, question Officers and make comments.

Having considered the report the Pension Fund Committee:

Resolved:

- That the decision be deferred to the next meeting due to enable additional training from Legal and General and London CIV
- That the exempt information be noted

9. PENSION FUND ANNUAL REPORT AND ACCOUNTS AND EXTERNAL AUDITOR'S REPORT UNDER INTERNATIONAL STANDARD ON AUDITING (ISA) 260 FOR THE YEAR 2019/20 (Agenda Item 9):

Mr George Bruce gave an overview of the report before the Committee. The Chairman invited external auditor, Mr Leigh Lloyd who presented the appendices to the Officers report.

Members of the Committee had the opportunity to consider the report, question Officers and make comments. Mr Bruce requested that Members approved the report's recommendations and also delegate the approval of any minor drafting changes to the Chairman and Section 151 officer

Having considered the report, the Pension Fund Committee:

Resolved:

- That the Pension Fund Committee approve the 2019/20 Annual Report and Pension Fund Accounts
- That the Pension Fund Committee note the matters raised by the external auditor in respect of the audit of the Accounts and Annual Report
- That the Pension Fund Committee consider whether there are any matters arising from the Annual Report & Accounts or Auditor's Report on which they require additional information or action.
- Delegated the signing of the accounts, letter of representation, and minor drafting changes to the Chairman and Section 151 officer

10. PENSIONS ADMINISTRATION TRANSITION (PAT) PROJECT UPDATE (Agenda Item 11):

The Council's Pensions Manager Mr Nigel Keogh provided an update on the transfer of the administration of the Barnet Pension Fund from Capita to the West Yorkshire Pension Fund (WYPF).

The Chairman requested that the Committee be kept informed with any developments.

Having considered the report, the Committee:

Resolved:

That the Pension Fund Committee noted progress against the plan

11. ADMITTED BODY AND BOND STATUS UPDATE (Agenda Item 12):

The Committee received a status update on the outstanding admitted body and bond agreements, as well as bond renewals and cessation calculations, that needed arranging.

Having considered the report, the Committee:

Resolved:

That the Pension Fund Committee noted the progress on outstanding admitted body and bond agreements, including bond renewals and cessation valuations.

12. BARNET COUNCIL PENSION FUND - PERFORMANCE FOR THE QUARTER TO 30 JUNE 2020 (Agenda Item 10):

The Committee considered the report which summarised the Pension Fund investment managers for the quarter to 30 June 2020 and the subsequent two months to end August. The Council's Investment Consultants from Hyman Roberts were in attendance to introduce their analysis of the performance period.

Mr Bruce outlined the transactions that had taken place in the quarter.

The Chairman moved a motion to exclude press and public and in order for an exempt session to commence. This was agreed by the Committee.

Resolved:

- That the Pension Fund Committee noted the performance of the Pension Fund for the quarter to 30 June 2020.
- That the exempt information be noted.

13. RE-PROCUREMENT OF ACTUARIAL SERVICES TO THE BARNET PENSION FUND (Agenda Item 15):

The Pension Fund Committee received the report that outlined the Re-procurement of Actuarial Services to the Barnet Pension Fund.

Resolved:

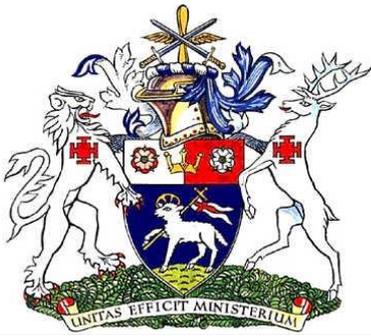
The Pension Fund Committee noted the intention to re-appointment of Hymans Robertson as the actuary to the Barnet Pension Fund.

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

None.

The meeting finished at 9.00 pm

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Pension Fund Committee 24 February 2021

Title	Administration Report
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A - Post Implementation Report: Pensions Administration Transition Project
Officer Contact Details	Mark Fox, Pensions Manager – 0208 359 3341

Summary

This report provides the Pension Fund Committee with an update on the transition of the administration to West Yorkshire Pension Fund (WYPF), the current WYPF performance including the reissuing of Annual Benefit Statement (ABS), Remediation Plan and GMP reconciliation.

Officers Recommendations

The Pension Fund Committee are requested to note the current performance levels and the update on Annual Benefit Statements.

1. WHY THIS REPORT IS NEEDED

- 1.1 The efficient delivery of benefits is reliant upon effective administrative procedures being in place. This information is reviewed at each meeting of the Local Pensions Board. This report provides a summary of the update provided to the Board on 4 February 2021.
- 1.2 West Yorkshire Pension Fund (WYPF) took over the administration of the Fund from Capita on 1 November 2020.
- 1.3 The project to transfer the administration of the pension fund from Capita to WYPF has now formally concluded. The Project Director has prepared a draft Post-Implementation Report (Appendix A).

Inevitably, in a project as complex as this, there are always valuable lessons to be learned and these are considered in the attached report.

Once finalised, the report will be shared with Internal Audit as part of the management response to the findings of their audit of the transition project, the report of which was presented to the Audit Committee on 28 January 2021 and to the Local Pension Board on 4 February 2021.

- 1.4 The actual transfer to WYPF generally went well. Following the transfer, the first pensioner payroll was run in the week commencing 9 November with no reported issues for this payroll or any subsequent pension payments.
- 1.5 All members have received a “welcome” letter from WYPF providing contact details and other relevant information, including details on how members can register for the WYPF member portal, where at present members can view the records and documents. Officers have also received positive feedback from members regarding the service provided by WYPF staff.
- 1.6 WYPF have also been actively engaged with employers ensuring that they are aware of the new monthly processes via training webinars and assisting employers with any queries that have been raised.

1.7 WYPF Performance

- 1.8 For the first couple of weeks in November, WYPF analysed the work inherited from Capita, to ensure that it was categorised correctly and to prioritise the urgent work. Once completed, WYPF started processing cases. In November, 243 cases were processed, which increased to 622 in December. However, in January the number of processes completed exceeded 2,000.
- 1.9 WYPF have found a small number of issues following the transfer of the administration. A couple of examples are:
 - 1.9.1 Missing member data – WYPF have identified 47 members who were on the test data received but not included on the “live” data. This is being investigated with the previous administrators.

- 1.9.2 Incorrect statuses – WYPF have found that there are a large number of members, who left the Fund a long time ago, whose records state that they had a refund of their contributions, but was then changed to indicate that this was not the case. As a result, is not clear whether a refund was paid. However, as these cases are historic, these cases will only be looked at, if a member contacts WYPF.
- 1.10 WYPF have found that information or data inherited has raised several issues. This has meant that WYPF have had to “re-process” work that had previously been done to ensure that members are paid the correct benefits.
- 1.11 In December 2020, the SLA attainment by WYPF was **86.5%**. Different work types have different target periods and different SLAs.
- 1.12 Officers are assisting WYPF with the issues identified, where required. Over the next 2-3 months, WYPF performance level should increase as hopefully the number of issues found reduce. Officers will continue to monitor the performance levels to get a true reflection of WYPF performance. If further issues continue to be found, Officers will work with WYPF to ensure performance is not impacted.
- 1.13 As at 4 February 2021, there were a total of c2,700 cases outstanding, which included c1,100 cases inherited from Capita which were previous classed as “non-actionable” cases, and included on the Capita remediation plan. In addition, there are another c300 cases that are classed as “pending”, where information is required from a member, employer or other third party.
- 1.14 Representatives from WYPF attended the Local Pension Board at their meeting on 4 February to provide an update on the issues they have identified to date.

“Remediation Plan”

- 1.15 Prior to the transfer of administration to WYPF, Capita were working on a “remediation plan” in order to complete outstanding member cases and data updates.
- 1.16 Officers have asked WYPF to produce a project plan for the improvement of data quality by [28 February 2021 at the latest.
- 1.17 The plan is required to prioritise the work, so there is no impact on the annual pensions increase, general member enquiries and 2021 Annual Benefit Statements.

Annual Benefit Statements

- 1.18 At the last meeting, Officers updated the Committee on an issue with 2020 Annual Benefit Statements (ABS) resulting from those members who are paid certain allowances by LBB, such as “Recruitment & Retention (R&R)” payments.

- 1.19 Members had paid pension contributions on these allowances. However, these allowances were not included in the pensionable pay figures provided by Capita Payroll to Capita Pensions Administration.
- 1.20 Officers have obtained legal advice confirming that these payments should be treated as pensionable and therefore be included in the pensionable pay used to calculate benefits.
- 1.21 There is a total of 220 members affected by this issue.
- 1.22 Capita Payroll have now provided updated salary data to WYPF, who will issue revised ABS's to the affected members by the end of February 2021.
- 1.23 Capita have confirmed that no members who have been affected by this issue and have subsequently left or retired from the Fund have had their benefits incorrectly calculated.
- 1.24 A report on all ABS issues including the non-issuing of 1,114 active and 1,484 deferred members has been sent to The Pensions Regulator (TPR). Officers informed TPR that there is no intention to reissue the missing 2020 ABS's, as the time it would take to correct and update the records transferred from Capita to WYPF to allow for the creation and despatch of 2020 ABS'S would be well into the first quarter of 2021. TPR have responded that "*whilst we do not intend to take action at this time, should you fail to send the ABSs to all relevant scheme members in 2021, we will consider whether regulatory action is appropriate*".

GMP reconciliation project

- 1.25 Work continues on the project to ensure that members' Guaranteed Minimum Pensions (GMP) previously held on Capita records reconcile with the figure held by HM Revenue & Customs (HMRC).
- 1.26 GMP is the amount that a member's pension must be at least equal to when they attain "GMP age" which is age 60 (for females) and 65 (for males). This was a result of the fund "contracting out" of the old State Earnings Related Pension Scheme (SERPS), where members (and employers) paid reduced national insurance contributions but the member did not qualify for a SERPS pension from the State. Once a member has passed their GMP age", the Barnet Fund is liable to pay pension increases on their GMP, so it is important that the GMP on the administrator records agree with HMRC ensure that the correct increases are given
- 1.27 GMP's affect active and deferred members, along with pensioners and spouses, where the member was in the fund before 6 April 1997.
- 1.28 Officers, Capita and WYPF are meeting to discuss the final actions required on this project and how the process for ensuring WYPF update their records with the correct GMP for members, when advised by Capita.

- 1.29 This project is due to be completed by the end of February 2021. Capita will complete this project and update WYPF with any changes required to member records.
- 1.30 There were five pensioners who have had their pensions overpaid since they attained "GMP age". Their pensions will be amended to the correct amount. Officers have decided that based on each pensioners age, the value of their pensions and the fact that the overpayment was not their fault, not reclaim the overpayments for these members. The total overpayment for these five members totals c£13,300.
- 1.31 The total costs incurred to for this project are c£295,000. These costs are for actual work that is required to make sure that the GMP data is correct and are not due to any errors or omissions found with the data previously held by Capita.

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 By monitoring admitted body organisations and ensuring all third parties comply fully with admission agreements and bond requirements, good management of the Pension Fund is maintained. This is because the cost of providing benefits will be equitably split between all employers, thus enabling funds to be directed to Council priorities as set out in the Council's Corporate Plan for 2019-2024.

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

- 5.2.1 There are no immediate financial implications from the report. However, it is important that admitted bodies have their contribution set by the Actuary to ensure that employers can commence membership in the Scheme with an equitable contributions rate and that cessation values are calculated to ensure that any deficits from ceasing employers are paid for.

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 The Council's Constitution – Article 7 – includes within it the responsibilities of the Pension Fund Committee. It is therefore considered appropriate for the Pension Fund Committee to receive this report.

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

- 5.6.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) 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. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality duty.
- 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 Not required.

5.9 **Insight**

5.9.1 Not applicable

6. BACKGROUND PAPERS

6.1 The link to the internal audit report papers as tabled at the Local Pension Board on 4 February 2020.

<https://barnet.moderngov.co.uk/documents/s63142/Internal%20Audit.pdf>

DRAFT

Post Implementation Report: Pensions Administration Transition Project

The purpose of this report is to review and report on the outcome of the above project, and provide an assessment of its overall success.

Author:	Nigel Keogh
Date:	08 February 2021
Service / Dept:	Finance - Pensions

Contents

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1. Introduction / Background

Further to the decision by the Council on 3 March 2020 to transfer the administration of the Barnet Pension Fund from Capita to the West Yorkshire Pension fund (under a Section 101 delegation to Bradford City Council (CBMDC)), this document sets out an assessment of the project outcome and any lessons learned.

West Yorkshire Pension Fund's (WYPF) business is to provide pension administration and pensioner payroll services. The fund currently administers the Local Government Pension Scheme (LGPS) in West Yorkshire, Lincolnshire and London Borough of Hounslow and the Firefighters' Pension Scheme for a number of Fire Authorities and is the largest FPS administrator in England. WYPF's business model is to take on third party pension administration or a shared service arrangement. This enables WYPF to reduce its' administrative cost per member and also the third party's cost per member.

The project covered the transfer the administration of the LGPS for the London Borough of Barnet (LBB) membership and pensioner payroll service from Capita to WYPF. The project started with the selection of WYPF as preferred provider and concluded with the administration of LBB's membership and pensioner payroll entering "business as usual" at WYPF.

The main activities of the project were:

- Preparation and approval of shared services agreement between LBB and WYPF.
- Migration of LBB member records to WYPF.
- Transfer of pensioner payroll from Capita to WYPF.
- Transfer of contribution collection and overpayment recovery processes from Capita to LBB/WYPF.
- Potential transfer of up to 8 members of staff from Capita to CBMDC under TUPE.
- Training and induction of transferred staff to use systems in place at WYPF.
- Transfer of work in progress from Capita to WYPF.
- Stakeholder communication and change management plan
- Employer training and engagement in relation to the administration of the scheme as it will provided by WYPF
- Post implementation support by Capita to WYPF and LBB

2. Project Definition

Project objectives

Capita previously provided pension administration and pensioner payroll services to LBB members on its Hartlink platform.

The main activities of this project are set out at Section 1 above

The main objective was to bring LBB's pension administration and pensioner payroll services into "business as usual" at WYPF from 1 November 2020.

Business as usual means:

- All LBB's member and payroll data has been transferred to WYPF, and the transfer audited and confirmed full and correct.
- Pensions are administered on WYPF's systems, using WYPF's processes and Quality Management System (QMS).
- Payroll is being run by WYPF, to LBB's existing schedules.
- All stakeholders have been kept informed of the transition.

The first live pensioner payroll payment to LBB's members by WYPF was the mid November 2020 payroll .

The cut-off date for the administration of LBB members by Capita was 15 October 2020. However Capita made resources available until 31 January 2021 to deal with any residual transition issues.

3. Project Organisation Structure

The project was managed under the following structure:

Project Board – (Meets Monthly)

Name	Role Title
Anisa Darr	Chair and project Sponsor
George Bruce	Deputy Chair and SRO
Yunus Gajra	Project Manager (WYPF)
Scott Harriott	Capita
Nigel Keogh	Project Director
Rob Champion	Project Board Secretariat

Project Team – (Meets Fortnightly)

Name	Role Title
Nigel Keogh	Chair, Project Director
Rob Champion	Project Manager LBB
Yunus Gajra	Project Manager WYPF
Laura Williams	Project Manager Capita
Mark Fox	Service User Acceptance and Operational Interfaces lead, LBB
Gavin Roberts	Technical Assurance, LBB
Richard Corbett	TUPE Workstream lead

Keith Barker	Finance Workstream lean
Asim Waseem	WYPF IT
Hafiz Rahman	WYPF IT

Project Work streams (Leads in bold)(meet fortnightly)

Name	Role Title
Nigel Keogh	Communications/Legal
Yunus Gajra	Data Transfer/Legal
Mark Fox	Operational Interfaces
Helen Moore/ Richard Corbett	TUPE
Keith Barker /Ola Ajala	Finance

In addition to the above, as a response to managing project risks arising from the COVID19 pandemic, for the duration of the project, the following project team members met weekly to review the capacity of each organisation to deliver the project within the agreed timescales whilst maintaining required service deliverables and performance levels:

Nigel Keogh – Chair, Project Director
 Rob Champion – Project Manager, LBB
 Yunus Gajra – Project Lead – WYPF
 Janine Donoghue – Project Manager - WYPF
 Laura Williams – Project Manager – Capita

4. Project Approach and controls

Method of approach

The project was managed according to standard LBB project management protocols, which are based on project management best practice.

Overall responsibility rested with the joint Project Board, consisting of representatives from LBB, WYPF and Capita. The Board met, or received updates monthly.

A project plan detailing the key workstreams was the driving document for the project.

5. Project Assurance

To ensure that the project was managed effectively, the project was managed according to the scope, boundaries, constraints, interdependencies and assumptions set out below:

Scope and boundaries

The scope of this project was the creation of the shared services arrangement between LBB and WYPF.

WYPF to provide full pension administration service in respect of the Local Government Pension Scheme(s) and includes workflow and document imaging functionality, pensioner payroll provision and a facility to make immediate payments.

The agreement between LBB and WYPF will not affect WYPF's relationship with any other clients.

The project did not cover governance and investments of the Barnet Pension Fund. Nor did it cover any consideration of the commercial agreement and exit plan entered into by LBB and Capita on termination of the contract.

The project did not cover post-transition remediation issues which would be inherited by WYPF, although the scale and nature of outstanding issues were discussed with WYPF throughout the project.

Constraints

The major constraints applicable to this project were:

- Completion time: All data had to be loaded into WYPF's existing Live services in time to run the payrolls payable in November 2020.
- Resource: WYPF's, LBB's and Capita's resources were drawn from existing staff. Some staff had their substantive responsibilities to attend to, as well as their duties to this project. It was also acknowledged that resources may also be depleted from time to time as a consequence of the on-going COVID-19 epidemic, and back-up provisions for this eventuality were made (project team members each had a named alternative).
- Quality: WYPF operated within the provisions of its ISO 9001:2015 quality management system.
- Legal: The project was dependent on the necessary commercial and legal agreements being in place between the 3 parties and the shared services agreement being approved.
- IT: Data had to be loaded into WYPF's existing live service without downtime.

Assumptions

Capita as the existing payroll provider for LBB pensioners, would finish their payroll activities by making the last payments due by 30th October.

WYPF's existing "brand" was to be applied to letterheads and outgoing emails.

6. Project Outcomes

WYPF assumed responsibility for the administration of the LBB LGPS on 1 November 2020 as planned. Ahead of the transition date, officers from LBB and WYPF held the first in an on-going series of post-transition meetings.

All key milestones were achieved throughout the project and the outcomes were delivered within budget.

Residual transition issues were resolved by 15 February 2021, and the final milestone signed off on 22 February 2021.

7. Lessons learned

The transition of pensions administration services, particularly one involving a complex defined benefit pension scheme with multiple benefit regimes, is a challenging undertaking. The circumstances under which this transition took place were made all the more challenging by the Covid19 pandemic and the enforced remote working that replaced what would have been face-to-face project meetings, where issues arising might have been more fully explored. That said, all key milestones were met and the transition from Capita to WYPF was successfully achieved on the target date.

Nevertheless, certain factors could have improved the transition process and these are set out below.

Access to project management software – difficulties were encountered in securing access to project management software, largely as a consequence of availability of IT resource which at the time of project inception was heavily deployed in ensuring continuity of service during the mass transition to home-working enforced by the pandemic. Project plans were therefore created and maintained on Word and Excel. This did not prove to be particularly detrimental to project management and control, although the visual presentation afforded by MS Project would have been useful for reporting purposes.

Ability to share documentation – again, difficulties were encountered in establishing a secure means of sharing project documentation across the three organisations (LBB, Capita and WYPF). Despite exploring several commonly used sharing tools, local IT policies prevented the use of such tools. Again, this did not prove to be particularly detrimental to project management and control, with the Project Director maintaining control of master copies and operating version control.

LBB take-on of contributions collection – In addition to providing pensions administration services to the pension fund, Capita also provided a range of financial management services in connection with the administration of the fund (pensioner payroll, contributions collection, overpayment recovery and other debt recovery). All of these were managed through a bank account operated by Capita on the funds

behalf. On transition, contributions collection reverted back to LBB, with a new bank account set up specifically for the purpose.

Communications were issued to scheme employers advising them of this change and the new bank details, and both a pilot scheme with several employers and a series of well-attended training sessions were put in place. Despite these measures, a number of employers continued to pay contributions to the Capita-operated bank account after the transition date. Anticipating that this might happen, we asked Capita to investigate whether an auto-redirect could be set up on the account. When this was found not to be possible, Capita were requested to keep the bank account open and notify LBB of any contributions received in error.

The failure of some employers to take note of the changes did cause additional work for both Capita and the LBB team, but the contingency measures put in place did work to ensure employer contributions were collected, accounted for and reconciled in a timely manner. However, more perhaps could have been done to reduce the level of non-compliance by employers.

LBB funding of pensioner payroll – Previously, the funding of pensioner payroll was a relatively simple process, with Capita using the proceeds of pension contributions, a seeding float and occasional top-ups to meet the cost of the payroll and other outgoings.

Discussions with WYPF regarding how the funding of payroll would operate in the absence of contributions income started early in the transition process. However, despite agreeing a monthly funding protocol, this was at first problematic to implement in practice, with substantial cash outflows occurring throughout any given month. This was resolved within a few weeks of the transition but further consideration might have been given sooner to the practicalities of implementation.

Transfer of non-member data – Data transition was a key focus throughout the transition project, as it was critical that the WYPF was able to provide pensioner payroll and member services from the 1 November. Whilst this was achieved successfully, there remained a considerable amount of supporting information associated with Capita's administration of the scheme which also needed to be transferred.

Whilst the transfer of member/pensioner data rested largely with Capita IT resources, which were scheduled with specific target dates in the diary, the collation and transfer of the remainder of the data was within the purview of the Darlington Operational and Technical teams. Despite having named deputies in every project role, the pressures of untaken leave, Covid19 and other only to be expected staff absences, the transfer of the remaining data took several months into the post-transition period to complete. However, whilst the staff absences might be attributed to circumstances that were extenuating due to Covid19 (even in spite of the contingency plans put in place), one element that might have been foreseen was the transfer of files to WYPF that were password-protected.

After extensive investigation these were found to be largely confined to scheme employer data returns and data produced by the Technical team, and subsequent solutions were found. In the meantime, the negotiated post-transition support from Capita provided WYPF with a timely route to seek responses to queries. However, in retrospect, the possibility of this occurring should have been factored into the transition plan and appropriate checks put in place to identify and resolve the issue ahead of the transition date.

Internal audit findings – towards the latter end of the transition period, LBB Internal Audit (IA) undertook a review of the transition project. As agreed with IA, a number of their findings are considered below (the other findings being responded to and addressed elsewhere):

Project risk register is not routinely reviewed and updated (medium risk) - The project risk register should be a dynamic document that is routinely reviewed and considers the impacts downstream and where any further mitigation measures are required and updated throughout the duration of the project.

Project risks were routinely discussed at the fortnightly project team meetings. Whilst the risk register may not have formally reviewed, should any new risks have been identified or further mitigations required, these would have documented and actioned.

The workstream task list is not sufficiently detailed (medium risk) - There is a risk that key project dependencies, tasks, reconciliations and sign offs may not be performed, and this may impact on the success of the administration transition.

It is accepted that the workstream task lists could have been more granular, and had formal project management software been available, this may well have been driven out as a consequence of using those tools. However the tasks listed did provide a comprehensive control list of all the necessary actions required to successfully complete the transition, and regular communication between all three parties ensured that each knew what was required under each task.

Instances of non-attendance at Project Board meetings by core Project Board members (medium risk) - The project sponsor has not attended any of the Project Board meetings, and there are instances of low attendance by another Project Board member. This may indicate insufficient oversight and accountability, which may result in the benefits of the project not being realised.

It is accepted that the availability of senior staff to attend Project Board meetings was limited, with the impact of Covid19 put severe strain on resources, and requiring strict prioritisation of time by senior management.

That said, each meeting of the Board was attended by at least one senior officer from each of the three parties. In addition it should be noted that a parallel Pensions Steering Group, comprising of senior commercial staff from LBB and Capita, met fortnightly from November 2019 through to February 2021.

Whilst primarily concerned with the commercial aspects of the withdrawal of LBB from the Capita contract to provide pensions administration, this forum also took regular updates from the Project Director concerning the progress of the transition, providing a further level of senior oversight.

7. Conclusions and recommendations

The “lessons learned” above should of course be borne in mind during any future pensions administration transition or service delivery reorganisation. That said, the issues raised above were not insurmountable and did not affect the ability of WYPF to take on responsibility for the service from the target date of 1 November 2020.

Inevitably, the bedding-in of the new service and the inheritance of legacy backlogs and data issues from Capita, may impact on agreed service levels in the short term, and data quality in the medium term. By the same measure, the scope and depth of monthly performance reporting remains a work-in-progress. Plans are in place to address all of the above in the coming months.

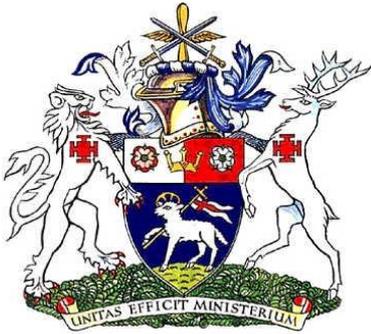
However, there are already significant positives to be taken from this project:

a/ it was delivered on time and on budget, despite the most extenuating of circumstances, and;

b/ it is already delivering an improved member experience (one of the key criteria for switching the provider)

The final recommendation of this report is that a full service review be undertaken in November 2021 to assess how far the service to members has progressed since the transfer.

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Pension Fund Committee

24 February 2021

Title	Investment Strategy and Manager Appointments
Report of	Director of Finance
Wards	N/A
Status	Public except for exempt Appendices.
Urgent	No
Key	No
Enclosures	<p>Appendices (all exempt):-</p> <ul style="list-style-type: none"> (A) Equity Portfolio Review (B) Suitability Note – LGIM Future Worlds (C) Suitability Note – LCIV Sustainable Exclusion Equity (D) Suitability Note - Adams Street Global Secondary Fund 7 (to follow) (E) Suitability Note – LCIV Private Debt (to follow) <p>Exempt enclosure - Not for publication by virtue of paragraphs 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as amended (information relating to the financial or business affairs of any particular person (including the authority holding that information)).</p>
Officer Contact Details	George Bruce, Head of Treasury, george.bruce@barnet.gov.uk - 0208 359 7126

Summary

The Committee have been considering opportunities to increase both sustainability and pooling within the Pension Fund’s investments. Following feedback at recent training Hymans Robertson, investment advisor, are making new investment recommendations, which are discussed in the paper.

Officers Recommendations

1. That the Pension Fund Committee agree to:
 - a) Invest 5% of the Fund into the LCIV Sustainable Exclusion Equities Fund.
 - b) Invest 25% of the fund in the LGIM Future Worlds Index.
 - c) Reduce the allocation to LGIM RAFI equities from 20% to 10% of the Fund.
 - d) To dispose of the entire holding in LGIM Market Capitalised Index Funds.
 - e) To transact the above changes over a two-year period but to authorise the Finance Director (in consultation with Chairman and Investment Advisor) to amend the implementation period.
 - f) Invest US dollar equivalent of £40 million in Adams Street Global Secondary Fund 7.
 - g) Invest £50 million [tbc] in the LCIV private debt fund.
 - h) Investments (f) and (g) to be funded firstly by using available cash resources and secondly by realisations from existing investments in diversified growth funds

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 This paper discusses allocations to the following asset classes & Funds:

Listed Equities
Private Equity Secondaries
LCIV Private Debt

Background

- 1.3 At the July meeting the Committee discussed both their appetite for incorporating Environmental, Social and Governance ("ESG") factors into the investment portfolio and the progress of pooling with the London CIV. The Committee agreed that there should be increased emphasis on sustainability and pooling and that Members were keen for actions to take place. As a consequence training was provided immediately prior to the October meeting and at a subsequent November training session considering listed equity products available from either Legal & General (LGIM) or the London CIV that offer strong sustainability characteristics. At the November training, Hymans also discussed attractive opportunities within distressed debt and private equity secondaries that could redeploy monies currently invested with Schroders and Newton diversified growth funds (DGF) that have been identified for liquidation in the current strategy. This was followed up with training from Barings (distressed debt) and Adams Street (private equity secondaries) on 4 February 2021. Recommendation in respect of each of the above is contained within the paper.
- 1.4 London CIV will be attending training immediately before this meeting to discuss three new funds they are making available to London Boroughs – Private Debt, Renewables Infrastructure and London Fund. There is a recommendation herein for private debt but consideration of the other two funds will be held over until the May meeting.

Listed Equities

- 1.5 Currently most of the Scheme's listed equities are invested with LGIM index tracking portfolios (current value £541 million), with a further £76 million invested in LCIV Emerging Market equities. The LGIM equity allocations is 40% of the total fund (actual 40.5%). Following the November training the Committee members expressed a preference to switch part of the LGIM equity into both LCIV Sustainable Exclusion Equity Fund and the LGIM Future World Index Fund. The LCIV offers two versions of their sustainability fund and the Committee preferred the Exclusion Fund which will not invest in alcohol, tobacco, adult entertainment, gambling, small arms, weapons & extracting, processing or transporting coal, oil or natural gas. In practice, there are three companies (Anheuser-Busch InBev, EOG Resources & Neste) out of 36 currently in the non-exclusion fund that are excluded.
- 1.6 Following the training, Hymans Robertson were asked to provide advice on the amount to be invested in each, the particular LGIM funds that were to be realised and the period over which the switch was to take place, taking account of the impact on geographic, sector and currency exposures. Hymans recommendations are attached (appendix A).
- 1.7 In summary the recommendations are to alter the 40% currently allocated to LGIM as follows:
- i. Invest 25% (£333 million) in the LGIM Future Worlds Index Fund.
 - ii. Invest 10% (£134 million) into LGIM RAFI Fund
 - iii. Invest 5% (£67 million) in the LCIV Sustainable Exclusion Equity Fund.
- [NB: The monetary values quoted above may alter slightly during implementation.]*
- 1.8 Hymans views on the suitability of LGIM Future Worlds and LCIV Sustainability Exclusion Equity are contained within appendix B & C.
- 1.9 The implications of the above is that the current 20% allocation to market capitalisation-based equity indices will be fully sold and the RAFI allocation reduced by half from 20% to 10%.
- 1.10 In terms of implementation, Hymans have two recommendations:
- i. That transactions are made in six instalments over a two-year period, and
 - ii. That the Future World holdings are split between hedged and unhedged share classes to achieve a 55% currency hedge of non-sterling denominated assets, slightly less than the current hedge ratio reflecting Sterling's recent recovery v the US dollar.
- 1.11 Hymans rationale for the above recommendation are contained within appendix A. Their confirmation of the suitability of the two new funds are also attached (appendix B & C). The proposals involve significant changes to style factors, geographic and sector allocations and Hymans are of the view that these should be implemented over an extended period. In particular, the RAFI index with its value tilt has underperformed market capitalisation indices in recent years and reducing the holding over a prolonged period may lessen the risk of selling 'at the bottom'. LGIM have been asked to comment

on the implementation plan and it is suggested that authority be given to the Finance Director in consultation with the Chairman and Investment Advisor to amend the timing of purchases and sales if this is deemed appropriate.

Private Equity Secondaries

- 1.12 The Committee currently has a 5% allocation to private equity with Adams Street, although the amount invested is only £6 million. The Committee has committed \$67.5 million (£50 million) and this will be drawn down over the next 3-5 years. As was known at the time, the existing commitment will not absorb the full allocation, probably a maximum of 3 ½ %. It was always intended that there would be further private equity commitments. Hymans are suggestions (appendix D) that the Committee commit the US\$ equivalent to £40 million to Adams Street Global Secondary Fund 7. Adams Street attended training on 4 February 2021 to discuss this fund. The difference between the secondaries fund and the existing Adams Street fund is that the secondaries fund will purchase investments that are already partly or fully drawn meaning that our money will be invested quicker (and realised more quickly). This will be contained within the existing 5% allocation to private equity.
- 1.13 There will be no LCIV option for private equity in the foreseeable future. Private equity funds have limited lives and distribute capital when underlying investments are sold. Thus to maintain a 5% allocation will require future commitments, which may be with the London CIV if an option is available

Distressed Debt

- 1.14 Hymans see distressed debt as a favourable opportunity at the moment and a way of absorbing cash from DGF realisations. Training was provided on distressed debt by Barings on 4 February, in particular the Barings Global Special Situations Credit Fund. Hymans are currently reflecting on how an allocation to this fund will fit into the investment strategy and may revert with a recommendation to the May meeting.

LCIV Private Debt

- 1.15 Barnet's allocation to private debt is contained within the illiquid alternatives allocation. As at 31 December 2020 £98 million (7.3%) is currently invested with Partners Group and Alcentra European Direct Lending Fund. These funds have a limited life (around 8 years) and distribute Capital when the underlying investments are sold. As an example, the Partners 2015 fund has now distributed 70% of its initial capital. Thus to maintain an allocation requires regular new commitment, which is why we are invested in the 2015, 2017 and 2019 funds from Partners Group. Previously (July 2019) the Committee agreed to commit £30 million to the LCIV private debt fund. Unfortunately, the fund was never launched as only two boroughs were willing to commit. However, LCIV have now identified two managers and will re-launched this fund provided that it attracts at least £150 million of investments from London Boroughs. Hymans have proposed (appendix E) that we make a commitment to this fund. The amount to be committed will be confirmed at the meeting. The LCIV Private Debt Fund will initially have two underlying managers, Churchill & Pemberton, but LCIV will be able to change or add additional managers. The managers' were selected by LCIV with the support of external consultants. Hymans consider the LCIV fund a suitable vehicle for our private debt as an alternative to either Partners or Alcentra. We have not invited Churchill or Pemberton to

the meeting but LCIV will be attending training immediately before the Committee meeting and will comment on the manager selection process.

Additional Cash Contributions from the Council

- 1.16 Last March the Council advanced paid three years of deficit contribution to the Pension Fund with a value of £21 million. This cash was used to finance the final investment with LCIV Emerging Market equities. The advance payment is repaid by a reduction of contributions over three years. The advantage of the Council is that the Actuary calculates a suitable discount rate that the Council expect to be greater than they could earn holding cash. The advantage for the Pension Fund is that our expected investment return is higher than the discount rate. Advance payment also improves the funding level. The Council are looking to advance pay a large proportion of four years of standard contributions circa £45 million. The Actuary has been asked to calculate a suitable discount rate. If agreed, this will be paid to the Pension Fund in April and provide funding for any new mandates discussed above. A QC opinion has been received on the legality and accounting for advance payments.

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 and if necessary, revise 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.

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 The Committee supports the delivery of the Council's strategic objectives and priorities, as expressed through the 2019-2024 Corporate Plan, to be an efficient and effective Council through managing our finances and contracts robustly, by assisting in maintaining the integrity of the Pension Fund by monitoring the investments and administration of the Pension Fund.

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 and if necessary, revise 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 to act in accordance with its principles 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; which 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. The Council also has regard to the additional protected characteristic of

marriage and civil partnership even though this does not apply to the public-sector equality duty.

5.7 **Corporate Parenting**

5.7.1 Not applicable in the context of this report.

5.8 **Consultation and Engagement**

5.8.1 Not applicable.

5.9 **Insight**

5.9.1 Not applicable

6. **BACKGROUND PAPERS**

6.1 Responsible Investment and Pooling agenda items (7and 8) Pension Fund Committee 27 July 2020.

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=191&MId=10149&Ver=4>

6.2 Investment Strategy, Responsible Investment and Pooling report (item 8) Pension Fund Committee 7 October 2020

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=191&MId=10150&Ver=4>

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Pension Fund Committee

24 February 2021



Title	Local Pension Board – Annual Report
Report of	Head of Governance
Wards	All
Status	Public
Enclosures	Appendix A - Local Pension Board – Annual Report Appendix B – Detailed Terms of Reference for Local Pension Board Appendix C – Local Pension Board, Forward Work Plan 2021/22
Officer Contact Details	Paul Frost, Senior Governance Service Officer Paul.frost@barnet.gov.uk
Summary	
The report sets out an annual update of the Local Pension Board and seeks approval of the Local Pension Board budget.	

Recommendations

1. The Pension Fund Committee are requested to note appendix A, B and
2. The Pension Fund Committee are requested to note that the report shall be reported to the next meeting of Full Council
3. That the Pension Fund Committee approve the Local Pension's Board annual budget as set out in appendix A.

1. WHY THIS REPORT IS NEEDED

1.1 The Terms of Reference of the Local Pension Board states that:

- *submit an annual budget to the Barnet Pension Fund Committee for approval.*
- *annually submit a proposed work plan for the forthcoming financial year to the Pension Fund Committee.*
- *The Board shall report annually to Full Council on its work.*
- *It will also and as necessary from time to time report to Full Council any breach in compliance or other significant issues such as:*
 - *any areas of persistent non-compliance*
 - *any area of non-compliance within the LGPS Regulations that have been reported to the Pension Fund Committee*
 - *areas raised to the Board to be investigated and how they were dealt with;*
 - *any risks or other areas of potential concern it wishes to raise;*

2. The Pension Fund Committee are further requested to note that the Local Pension Board received its annual report and enclosures at its meeting on 04 February 2021. Minutes of this meeting are available on the Council's website and can be accessed via section 6 of this report.

3. REASONS FOR RECOMMENDATIONS

3.1 As document in section 1.

4. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

4.1 None.

5. POST DECISION IMPLEMENTATION

Following approval, the report shall be submitted to the next meeting of Full Council.

6. IMPLICATIONS OF DECISION

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

6.2 The Board's budget is contained in appendix A of the report.

6.3 Legal and Constitutional References

6.3.1 The Council's Constitution – Article 7 – includes within the responsibilities of the Pension Fund Committee.

6.3.2 The Local Pensions Board Terms of Reference confirms the reporting procedure as documented in section 1 of the report.

6.4 Risk Management

6.4.1 Risk management is central to the LGPS; which 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.

6.5 Equalities and Diversity

6.5.1 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. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to the public-sector equality duty.

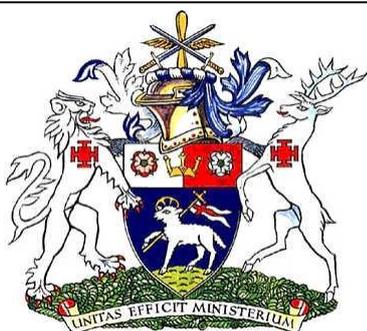
6.6 Consultation and Engagement

6.7 None applicable.

7. BACKGROUND PAPERS

6.1 [Local Pension Board - Thursday 4th February, 2021 6.00 pm](#)

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Local Pension Board

4 February 2021

Title	Local Pension Board – Annual Report 2020
Report of	Head of Governance
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A –Terms of Reference for Local Pension Board Appendix B – Local Pension Board, Forward Work Plan 2021/22
Officer Contact Details	Paul Frost, Senior Governance Officer 020 8359 2205, paul.frost@barnet.gov.uk

Summary

This report provides an update on the work of the Local Pension Board which will be reported to the Pension Fund Committee and Full Council in line with the reporting guidelines set out in the terms of reference.

The report includes the Local Pension Board Terms of Reference and its Forward Work Plan for consideration.

Recommendations
1. That the Local Pension Board note the report
2. That the Local Pension Board note Terms of Reference as highlighted within Appendix A
3. That the Local Pension Board note and comment on the annual work plan attached at Appendix B.
4. That the Local Pension Board note that this report be submitted to the next possible meeting of the Pension Fund Committee and Full Council.

1. WHY THIS REPORT IS NEEDED

- 1.1 The Public Service Pensions Act 2013 requires the establishment of Local Pension Boards to assist local authorities with the effective management of local pension funds. The Department for Communities and Local Government (now the Ministry for Housing, Communities and Local Government) has issued regulations and reporting guidelines concerning the implementation of Local Pension Boards.
- 1.2 This report provides a summary of the work carried out by the Council's Local Pension Board. The report covers the period from the Boards meeting from November 2019 to date. It presents details of the Board members, training and items covered during the Board's meetings. It also raises several items the Board wishes to draw to the Councils attention.
- 1.3 The Local Pension Board's terms of reference, at Appendix A, set out the reporting guidelines which states that the Board shall report to the Pension Fund Committee as often as is necessary and at least annually:
- a summary of the work undertaken;
 - the work plan for the next 12 months;
 - details of training received and planned; and
 - details of any conflicts of interest and how they were dealt with.
- 1.4 The Local Pension Board is requested to consider whether any breach in compliance or other significant issues that has come to their attention should be reported to Full Council such as:
- any areas of persistent non-compliance
 - any area of non-compliance within the LGPS Regulations that have been reported to the Pension Fund Committee
 - areas raised to the Board to be investigated and how they were dealt with;
 - any risks or other areas of potential concern it wishes to raise;

Local Pension Board Membership

1.5 The membership of the Board during the year was as follows:

Representative	Type of Membership	Term of Office
Professor Geoffrey Alderman – Chairman	Retired Employee	21 May 2019 – 20 May 2023
Hem Savla – Vice Chairman	Retired Employee	30 January 2018 – 29 January 2022
Stephen Ross	Independent Member	21 May 2019 – 20 May 2023
Salar Rida	Active Employee	7 March 2017 – 6 March 2021
Rebecca Doctors	Employer – Admitted Body (Alma Primary School)	20 October 2020 – 19 October 2024
David Woodcock	Employer – Admitted Body (Middlesex Uni)	30 January 2018 – 29 January 2022
Councillor Thomas Smith	Councillor	20 October 2020 – 24 May 2021
Alice Leach – Substitute Member	Retired/ <u>Deferred</u> Employee	30 January 2018 – 29 January 2022
Councillor Helene Richman	Councillor	20 October 2020 – 24 May 2021

Summary of Work Undertaken

1.6 The follow items have been considered by the Local Pensions Board since 19 November 2019:

Meeting	Item
19 November 2019	Triennial Valuation update Local Pension Board update Penson Committee Decisions External Audit report Compliance with code of practice Chairman’s Urgent Item – Capita Performance and The Pensions Regulator Update
10 February 2020	Decision mand by the Pension Fund Committee Consultation on Funding Strategy Statement Administration Risk Register Remediation Plan and Regulatory Intervention Communication Policy Scheme Risk Register
25 June 2020	Internal Auditor’s Planning Report for the year 201920 Valuation and Funding Update Decision mand by the Pension Fund Committee

	External Auditors Planning report for the year 2019/20 Pension Administration Transition (PAT) Project update Capita Remediation Plan and Pension Regulator Update Performance Report Risk Register
2 September 2020	Decision mand by the Pension Fund Committee Pension Administration Transition (PAT) Project update Pensions Administration Risk Register Performance Report
17 November 2020	Pension Administration Transition (PAT) Project update Pensions Administration Risk Register Decision mand by the Pension Fund Committee Administration Performance Report Legislative and Regulator Update External Auditors Report

Recommendations and Comments to the Pension Fund Committee

- 1.7 The Local Pension Board can bring any recommendations or observations concerning the governance, management and administration of the fund to the attention of the Pension Fund Committee.

Board Training

- 1.8 Members are required to attend all meetings and training sessions during the year. Training is important to ensure the Board, as a whole, have the appropriate skills, knowledge and understanding to support the Scheme in running effectively. Board Members had the opportunity to attend the CIPFA LGPS Local Pension Board Members annual conference. As detailed below, four CIPFA training events were attended by at least one Board Member.
- 1.9 During 2020/21 the Board received additional briefings and bespoke training that was delivered by the Fund actuary, Hymans, at its June meeting.
- 1.10 Local Pension Board Members are required to complete the Pensions Regulator (TPR) toolkit. The Board should note that two Board Members have not provided evidence that they have completed this. It should be further noted that The Pensions Regulator had requested that all Members of the Board complete this free online programme.

Key Areas 2019/20

- 1.11 The Local Pension Board raised several concerns that are set out below:
- a) The performance of the outsourced administrator, Capita, had been an ongoing concern for the Board. Council on 3 March 2020 agreed to transfer the administration of the Barnet Pension Fund from Capita to the West Yorkshire Pension Fund. This transfer was completed on 30

October 2020. The Board have monitored the progress of the transfer and have raised concerns regarding the backlog of unresolved issues for Members of the Fund.

- b) The statutory deadline for issuing Annual Benefit Statements (ABS) is 31 August annually. ABS were issued to 9,811 deferred members in early August 2020 and to 6,538 active members on 28 August 2020. However, there were c2,600 Members who did not received an ABS mainly due to outstanding information due from employers. This was particularly disappointing as it had been expected that the ABS process would have improve by addressing the issues encountered in 2019.
- c) Areas of Non-Compliance – the Board has noted that reports have been submitted to the Pension Fund Committee that have outlined matters in relation to the intervention of the Pensions Regulator and the Council's response via its Improvement Plan. This also outlined delays in the receipt of contributions.

Local Pension Board Budget

- 1.12 The terms of reference include a requirement to prepare an annual budget for approval by the Pension Fund Committee. The annual budget proposed by the Board at its November 2019 meeting and approved by the Pension Fund Committee was £32,572 comprising attendance and training costs of £7,572 and Board support (advice) of £25,000.
- 1.13 Collective training was provided at Board meetings e.g. the attendance of the Scheme Actuary.
- 1.14 The Member attendance costs which impact on the Board's Budget are outlined below:

Meeting	Attendance Cost
19 November 2019	£127 x 6 = £762
10 February 2020	£127 x 6 = £762
25 June 2020	£127 x 7 = £889
2 September 2020	£127 x 7 = £889
17 November 2020	£127 x 6 = £762
Total	£4,064

- 1.15 Board members attending external conferences incurred fees of £1,305 during 2020. The courses attended were:
 - Local Pension Board Autumn Seminar (4 members)
 - McCloud Update (1 member)
 - LGPS Pension Board Annual Event (1 member)
 LGPS Members Spring Conference (3 members)

- 1.16 The budget below is proposed for the next municipal year. In addition to attendance fees and external training a budget of £25,000 has been included for Board support.
- 1.17 From time to time, the Board may wish to commission an independent external advisor to review and make recommendations in relation to a specific issue. Should there be a requirement to call on this support, the Board should agree the issue to be considered and the terms of engagement (i.e. scope and upper funding limit). Attendance at meetings by Scheme advisors is not charged against the Board's budget although if the Board were to commission additional work, this will be reflected in their expenses.

Attendance and Training	Board Member attendance fees	£4,064
	Board Member Training attendance fees	£3,000
Board Administration	Board support	£25,000
Total		£32,064

- 1.18 The Local Pension Board is invited to consider the budget and the reporting matters above.

2 REASONS FOR RECOMMENDATIONS

- 2.1 The terms of reference of the Local Pension Board outline the reporting requirements for the Board's annual report.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None in the context of this report.

4. POST DECISION IMPLEMENTATION

- 4.1 This report will be included on the agenda for the next Pension Fund Committee. The Board will be informed of responses from the Committee.
- 4.2 Following consideration by the Pension Fund Committee, the report will be considered by Full Council in accordance with the Board's terms of reference.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.2.1 The Local Pension Board supports the delivery of the Council's strategic objectives and priorities as expressed through the Corporate Plan, 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 The budget for the Board is outlined in section 5 of the report.

5.3 Social Value

5.3.1 None in the context of this report.

5.4 Legal and Constitutional References

5.4.1 The Public Service Pensions Act 2013 and the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 required the Council to establish a Pension Board by 1 April 2015.

5.4.2 The Board's terms of reference of the Board state that "...the Board shall report to the Pensions Committee as often as the Board deems necessary and at least annually in relation to:

- a summary of the work undertaken;
- the work plan for the next 12 months;
- details of training received and planned; and
- details of any conflicts of interest and how they were dealt with.

5.4.3 It is noted that no conflicts of interested were recorded.

5.5 Risk Management

5.5.1 There are no specific risk management implications arising from this report.

5.6 Insight

5.6.1 None in the context of this report.

5.7 Equalities and Diversity

5.7.1 There are no Equalities and Diversity issues arising from this report.

5.7.2 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people from different groups
- foster good relations between people from different groups

5.7.3 The protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation.

5.8 Consultation and Engagement

5.8.1 None in the context of this report.

6. BACKGROUND PAPERS

- 6.1 Reports relating to Local Pension Board Meeting can be found at: [Committee details - Local Pension Board \(moderngov.co.uk\)](#)

Terms of Reference for the London Borough of Barnet Pension Board

The purpose of this document is to set out the detailed Terms of Reference for the Local Pension Board of the London Borough of Barnet Pension Fund.

1. Role of the Local Pension Board

1.1 The role of the local Pension Board, as defined by sections 5(1) and (2) of the Public Services Pension Act 2013 and regulation 106 of the Local Government Pension Scheme (LGPS) Governance Regulations 2013 is to:

- assist with:
 - securing compliance with LGPS Government regulations and any other legislation relating to the governance and administration of the LGPS
 - securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator.
 - such other matters as the LGPS regulations may specify
- ensure the effective and efficient governance and administration of the LGPS for the LBB Pension Fund.
- ensure the Pension Fund's strategy and policy documents are in place and have been maintained in accordance with the LGPS Regulations. These documents are: the communications policy statement; funding strategy statement; governance compliance statement; statement of investment principles; and the Pension Fund annual report and accounts.
- ensure the Pension Fund's internal Risk Register is in place and reviewed at least annually.
- review the Pension Fund's performance in complying with the requirements of the LGPS Regulations and any other legislation relating to the governance and administration of the LGPS.
- review the Pension Fund's performance in complying with the requirements of the Pension Regulator.
- annually submit a proposed work plan for the forthcoming financial year to the Pension Fund Committee.
- carry out any other activities relating to the efficient governance and administration of the Pension Fund.

- submit an annual budget to the Barnet Pension Fund Committee for approval.

1.2 The Local Pension Board does not replace the Administering Authority or make decisions or carry out duties which are the responsibility of the Administering Authority (refer to Compliance statement). The Pension Board is an advisory/scrutiny board and does not have decision making powers.

1.3 The Administering Authority retains ultimate responsibility for the administration and governance of the scheme. The role of the Board is to support the Administering Authority to fulfil that responsibility and secure compliance with any requirements imposed by the Pensions Regulator.

2. Appointment of members of the Pension Board

2.1 All Board members will be appointed by Full Council. It is a statutory requirement (section 248A of the 2004 Act) that the Administering Authority must be satisfied that every individual member of the Pension Board:

2.2 Is conversant with;

- the legislation and associated guidance of the Local Government Pension Scheme
- any document recording policy about the administration of the fund which is for the time being adopted by LBB Fund; and

2.3 has knowledge and understanding of;

- the law relating to pensions; and
- such other matters as may be prescribed

3 Rules governing Membership the Local Pension Board

3.1 Local Pension Boards must include an equal number of employer and member representative with a minimum requirement of no fewer than four in total.

3.2 No officer or Councillor who would be responsible for the discharge of any functions under the Regulations (apart from any relating to LPB) may be a Member of the Local Pension Board of that authority.

3.3 Officers precluded would be any officer named in the scheme of delegation (e.g. Section 151 Officer and the head of investments). The guidance also states that consideration should be given as to whether officers of the Fund at a senior level, who are not named in the formal scheme of delegation, but who are responsible for discharging functions under the Regulations, should be precluded from being a member of the LPB.

4 Composition of the Board

4.1 The Board shall consist of 7 members constituted as follows:

- 3 employer representatives comprising:
 - 1 councillors who are not members of the Pension Fund Committee
 - 2 employer representatives from an admitted or scheduled body (e.g. Re, CSG or Middlesex University)

- 3 scheme member representatives (employee side) comprising:
 - 1 active members
 - 2 retired/deferred members

- **1 independent member/advisor**
Having no current employment, contractual, financial or other material interest in the Council or any scheme employer fund and not being a member of the LGPS Fund.

4.2 Independent and Scheme Members shall be appointed following a public recruitment, selection and interview process.

5. Chairman and Vice-Chairman of the Board

5.1 The Chairman and Vice-Chairman of the Board will be appointed by Members of the Board as the first business at their first meeting.

5.2 Should the elected Chairman be an Employer representative the Vice-Chairman must be a Scheme Member representative and vice versa.

6. Substitute Members

6.1 Each member will have a substitute to act as Board member in her/his absence, which will be recommended following a recruitment process consistent with their own appointment. These nominations will be approved as part of the overall appointments made by Full Council.

NB: The independent member shall not have a substitute.

7. Quorum

7.1 The Pension Board will be quorate when three voting Pension Board Members are in attendance.

8. Period of Office

8.1 Each Board member shall be appointed for a fixed period of four years, which appointment will normally occur at the Annual Council meeting.

9. Termination of office

- 9.1 Each Board member will be expected to attend all meeting and training sessions during the year. The membership of any member who fails to attend two or more meetings shall be reviewed and determined by other Board members in consultation with officers.
- 9.2 The removal of a member from office during her/his term of appointment can only be effected by the unanimous agreement of the other members present at the meeting.
- 9.3 In the absence of mitigating factors a Board member can be removed from the Board in the following circumstances (but not limited to):
- A poor attendance record;
 - If a member does not undertake training as requested;
 - If a member is in breach of Council's Code of Conduct, Pension Board Code of Conduct and Conflict of Interest policy;
 - If a member has a conflict of interest that cannot be managed in accordance with the Board's conflicts policy.
- 9.4 Should the Council representative members, or the active scheme member(s) cease to be Council representatives or active scheme members, he/she will automatically cease to be a member of the Board and the Administering Authority will conduct a replacement process.
- 9.5 Any Board member choosing not to continue her/his role must provide a written notice of resignation from their post to the Governance Service. The notice period shall be two months. Once the written notice is received the Board shall be notified accordingly and arrangements shall be made for a replacement in line with the procedures for the original appointment.

10. Voting Rights (this is dependent on makeup of the Board)

- 10.1 All Board Members will have equal voting rights.
- 10.2 In the event of an equality of voted the Chairman will have the casting vote.

11. Frequency of meeting

- 11.1 The number of meetings a year should be in alignment with the number of the Pension Committee meetings year, or should be determined by the Board once it has agreed a workplan, with a minimum of two meetings annually.

12. Notice of meeting and circulation of papers

- 12.1 In accordance with the Access to Information Procedure Rules as set out in the Council's Constitution.

13. Minutes

13.1 In accordance with the Access to Information Procedure Rules as set out in the Council's Constitution.

14. Accountability and reporting

14.1 The Board is accountable solely to the Council for the effective operation of its functions.

14.2 The Board shall report to the Pensions Committee as often as the Board deems necessary and at least annually:

- a summary of the work undertaken;
- the work plan for the next 12 months;
- details of training received and planned; and
- details of any conflicts of interest and how they were dealt with.

On certain matters the board will report directly to Council;

14.3 The Board shall report annually to Full Council on its work.

14.4 It will also and as necessary from time to time report to Full Council any breach in compliance or other significant issues such as:

- any areas of persistent non-compliance
- any area of non-compliance within the LGPS Regulations that have been reported to the Pension Fund Committee
- areas raised to the Board to be investigated and how they were dealt with;
- any risks or other areas of potential concern it wishes to raise;

15. Code of Conduct

15.1 All members of the Board are expected to act in accordance with Barnet Council's Code of Conduct for Councillors, and where applicable and the Pensions Regulator's Code of Practice.

16. Conflicts of interest

16.1 All members of the Board must declare on appointment and at any such time as their circumstances change any potential conflict of interest arising as a result of their position on the Board.

16.2 In accordance with s5(5) Public Service Pension Act 2013, a Board member must not have a financial or other interest that could prejudice him/her in carrying out his/her Board duties. This does not include a financial or other interest arising merely by virtue of being a member of the LGPS.

16.2 On appointment to the Board and following any subsequent declaration of potential conflict the conflict must be managed in line with the Council's Members Code of Conduct, the Local Government Pension Scheme (LGPS)

Guidance on Conduct of Members and Conflicts of Interest, the requirements of the Public Service Pensions Act 2013 and the requirements of the Pensions Regulator's codes of practice on conflict of interest for Board members.

17. Knowledge and understanding including training

- 17.1 All new members must follow an induction training plan and all members of the Board will be expected to attend the training provided to ensure that they have the requisite knowledge and understanding to fulfil their role.
- 17.2 All members must be prepared to participate in such regular personal training needs analysis or other processes as are put in place to ensure that they maintain the required level of knowledge and understanding to carry out their role.
- 17.3 Failure to attend training or participate in the processes may lead to membership being reviewed.

18. Definitions

The following terms shall have the following meanings when used in this document:

<i>Administering Authority</i>	London Borough of Barnet
<i>Board or Pension Board</i>	The local Pension Board for the London Borough of Barnet, Administering Authority for the London Borough of Barnet Pension Fund as required under the Public Service Pensions Act 2013
<i>Board Member</i>	A member of the Board including Employer representatives, Scheme Member representatives and an independent member
<i>Code of Practice</i>	The Pensions Regulator's [draft] Code of Practice no 14 entitled " <i>Governance and administration of public service pension schemes.</i> "
<i>Conflicts of Interest</i>	As defined in the Public Service Pensions Act 2013
<i>Employer Representative</i>	A person appointed to the Board for the purpose of representing employers for the Scheme
<i>Fund</i>	The London Borough of Barnet Pension Fund within the Scheme administered and maintained by the Scheme Employer
<i>Independent</i>	A Member of the Board who is neither an Employer

<i>Member</i>	Representative nor a Member Representative
<i>LGPS</i>	The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.
<i>Member Representative</i>	A person appointed to the Board for the purpose of representing members of the Scheme
<i>Scheme</i>	The Local Government Pension Scheme as defined under LGPS
<i>Scheme Manager</i>	London Borough of Barnet as administering authority of the London Borough of Barnet Pension Fund

London Borough of Barnet
Local Pensions Board - Work Programme
January 2021 – April 2022

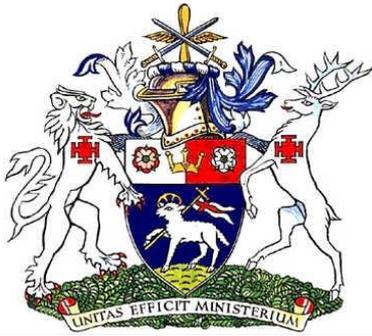
Title of Report	Overview of decision	Report Of	Issue Type (Non key/Key/Urgent)
24 June 2021			
Decisions made by the Pension Fund Committee	To approve the Pension Fund Committees decision making processes.	Finance Director	Non-Key
Administration Performance Report	To monitor the performance of the pension administration service	Finance Director	Non-Key
Administration Risk Register	To review the administration risk register.	Finance Director	Non-Key
External Audit Plan	To note the work to be undertaken by the external auditor in respect of the Fund's 2020-21 accounts.	Finance Director	Non-Key
Compliance with TPR Code of Practice	Detailed review of compliance with the TPR code.	Finance Director	Non-Key
Training Policy	To approve the Board's Training Policy.	Finance Director	Non-Key
Review of Administration Strategy, IDRPs and Breaches Policy.	To review the key administration processes in place.	Finance Director	Non-Key
12 October 2021			
Decisions made by the Pension Fund Committee	To approve the Pension Fund Committees decision making processes.	Finance Director	Non-Key

Subject	Decision requested	Report Of	Contributing Officer(s)
Administration Performance Report (including ABS report & progress on data improvements)	To monitor the performance of the pension administration service and plans for the issue of Annual Benefit Statements.	Finance Director	Non-Key
Administration Risk Register	To review the administration risk register.	Finance Director	Non-Key
Annual Report of Scheme Auditor	To receive the annual report of the Scheme Auditor relating to the accounts to 31 March 2021.	Finance Director	Non-Key
6 December 2021			
Decisions made by the Pension Fund Committee	To approve the Pension Fund Committees decision making processes.	Finance Director	Non-Key
Administration Performance Report	To monitor the performance of the pension administration service and priorities for the new administrator.	Finance Director	Non-Key
Administration Risk Register	To review the administration risk register.	Finance Director	Non-Key
Annual Report of the Local Pension Board	To approve the annual report of the Local Pension Board to Full Council	Finance Director	Non-Key
Annual Update on Funding and Investment Strategy	To review the approach being taken to setting both funding and investment strategies.	Finance Director	Non-Key

Subject	Decision requested	Report Of	Contributing Officer(s)
3 February 2022			
Decisions made by the Pension Fund Committee	To approve the Pension Fund Committees decision making processes.	Finance Director	Non-Key
Administration Performance Report (including any transition issues)	To monitor the performance of the pension administration service	Finance Director	Non-Key
Scheme Risk Register	To review the Scheme Risk Register	Finance Director	Non-Key
26 April 2022			
Decisions made by the Pension Fund Committee	To approve the Pension Fund Committees decision making processes.	Finance Director	Non-Key
Administration Performance Report	To monitor the performance of the pension administration service	Finance Director	Non-Key
Administration Risk Register	To review the administration risk register.	Finance Director	Non-Key
External Audit Plan	To note the work to be undertaken by the external auditor in respect of the Fund's 2020-21 accounts.	Finance Director	Non-Key
Compliance with TPR Code of Practice	Detailed review of compliance with the TPR code.	Finance Director	Non-Key
Training Policy	To approve the Board's Training Policy.	Finance Director	Non-Key

Subject	Decision requested	Report Of	Contributing Officer(s)
Review of Administration Strategy, IDRP and Breaches Policy.	To review the key administration processes in place.	Finance Director	Non-Key

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Pension Fund Committee

24 February 2021

Title	Barnet Council Pension Fund - Performance for the Quarter to 31 December 2020
Report of	Director of Finance
Wards	N/A
Status	Public except for exempt Appendix D
Urgent	No
Key	No
Enclosures	<p>Appendix A – Market Value of Investments as at 31 December 2020</p> <p>Appendix B - Asset Allocation as at 31 December 2020</p> <p>Appendix C - Review of Investment Managers Performance for 4th quarter of 2020 (Hymans Robertson)</p> <p>Appendix D - Review of Fund Managers (Hymans Robertson) (exempt) – (to follow)</p> <p>Exempt enclosure - Not for publication by virtue of paragraphs 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as amended (information relating to the financial or business affairs of any particular person (including the authority holding that information)).</p>
Officer Contact Details	George Bruce, Head of Treasury, George.bruce@barnet.gov.uk - 0208 359 7126
Summary	
This report comprises Hymans Robertson's review of the fund's performance in the quarter to 31 December 2020 together with their assessment of the individual manager's capabilities.	
Officers Recommendations	
That the Pension Fund Committee note the performance of the Pension Fund for the quarter to 31 December 2020.	

1. WHY THIS REPORT IS NEEDED

- 1.1 To ensure that the Pension Fund is being invested prudently and in accordance with the Pension Fund investment strategy.

Fund Valuation

- 1.2 The valuation of the fund as at 31 December 2020 was £1,336.1 million (appendix B), a return of 8.1% in the quarter (Appendix C, page 5). The 31 August 2020 valuation was £1,247.5 million. Despite the dramatic falls in markets at the end of Q1, triggered by concerns over Covid-19, the value of the fund increased by £93.7 million during 2020. Allowing for the effects of benefits and contributions, this represents a return of 6.3% during the year (appendix C, page 5).
- 1.3 As discussed on pages 5 & 6 of the Hymans Report (appendix C) financial markets having initially reacted badly to the spread of Covid-19, are with the advent of effective vaccines now pricing in a return to pre Covid levels of economic activity by the end of 2021. The chart on appendix A highlights the longer-term upward trend in fund values.

Performance Summary

- 1.4 The Fund returned 8.1% in the quarter (Appendix C, page 5) with all managers recording positive returns, with the exception of CBRE (overseas property) whose negative return is due to currency movements; the strengthening of £ against US\$. RAFI had a particularly good quarter returning 5% more than currency hedged non-UK equities. The overall annual return of 6.3% reflects a wide range of returns at manager level, such as:

LCIV Emerging Market Equities	+27%
LGIM non-UK Equities	+12% to +15%
Schroders Corp Bonds	+11%
Diversified Growth Funds	+7% to +8%
Other credit mandates	-2% to +3%
Property	1% to 4%
RAFI Equities & infrastructure	0%
UK equities	-10%

- 1.5 The infrastructure holding is a US denominated fund and was also impacted by the strengthening of sterling in 2020, noting that it is still above its 10% p.a. benchmark since inception.
- 1.6 Longer term, the fund continues to return below benchmark, with an annualised return of 5.8% over three years, being 1.0% p.a. below benchmark. now driven more by the returns from the newer credit mandates than the diversified growth

funds. The property returns are unreliable as both are based on September valuations.

Investment Manager Ratings

- 1.7 Hymans provide ratings for all the investment managers. These are shown on page 4 of appendix D. Most of the mandates are rated at Hymans' highest level of conviction (preferred). During the quarter, Hymans placed two mandates on watch due to changes in staffing. The ratings will be highlighted at the meeting. .
- 1.8 Hymans also include Responsible Investment ratings for each fund in the portfolio on page 4. The funds we invest in are mainly rated 'good' [defined as "reasonable evidence of good RI practices" – see page 29]. .

Fund Manager Transactions

- 1.9 Cash movements into and out of funds are highlighted in appendix B. A further £10 million was withdrawn from Newton, mainly to finance the reduction in deficit contributions payable by the Council following the advance payment made in quarter 2, 2020. A final £4.5 million (total commitment £30 million) was drawn by the Partners 2019 fund. Other realisations shown on appendix B are manager-initiated distributions. Outstanding commitments at 31 December 2020 are:

Adam Street \$62 million

Allocations v Strategy

- 1.10 Appendix B highlights the portfolio positions compared with benchmark. The diversified growth portfolio represents 13.75% (nil allocation), while there are significant underweights with private equity (4.5%), property (6.0%) and illiquid alternatives (4.3%).

2. REASONS FOR RECOMMENDATIONS

- 2.1 The terms of reference of the Pension Fund Committee require the Committee to review and challenge the fund managers' quarterly investment performance against benchmarks and targets.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None.

4. POST DECISION IMPLEMENTATION

- 4.1 The Chief Financial Officer will carry out any actions considered necessary.

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 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 appoints external fund managers to maximise Pension Fund assets in accordance with the Fund investment strategy. The Pension Fund is a long-term investor and short-term volatility of investment return is expected. In the longer term, the appointed fund managers are expected to deliver positive returns in accordance with the Fund benchmarks. The global diversification of the Pension Fund portfolio gives some protection against the market volatility. The funding level of the Scheme uses a valuation of the future liabilities discounted using gilt yields. The mismatch between assets held and the method of valuing future liabilities will also result in volatility of funding levels.

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 review and challenge at least quarterly the Pension Fund investment managers' performance against the Statement of Investment Principles [now Investment Strategy Statement] in general and investment performance benchmarks and targets in particular.'

5.4.2 Regulation 9 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 provides the power to appoint investment managers. The regulations no longer have a specific reference to monitoring investment managers but state "the authority must reasonably believe that the investment manager's ability in and practical experience of financial matters make that investment manager suitably qualified to make investment decisions for it." Only through periodic monitoring can the Committee achieve this requirement.

5.5 Risk Management

5.5.1 A key risk is that of poor investment performance. The performance of the fund managers is monitored by the Pension Fund Committee every quarter with reference to reports from Hymans Robertson, the Pension Fund investment adviser. If a fund manager's performance is considered inadequate, the fund manager can be replaced.

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 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of

opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) 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. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality duty.

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 **Corporate Parenting**

5.7.1 Not applicable in the context of this report.

5.8 **Consultation and Engagement**

5.8.1 Not applicable

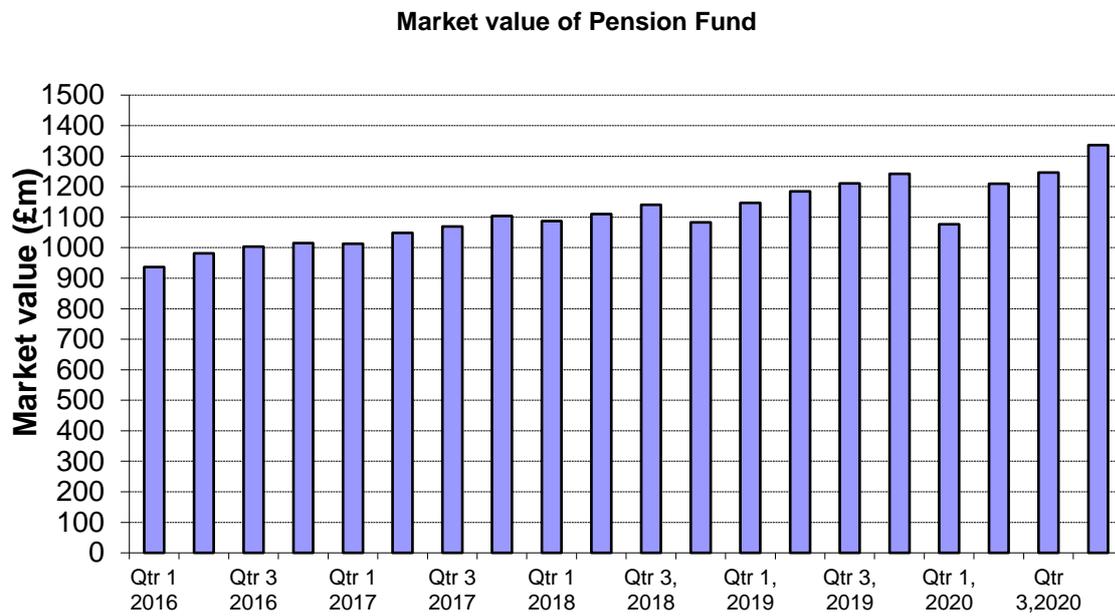
5.9 **Insight**

5.8.1 Not applicable

6. **BACKGROUND PAPERS**

6.1 None

Appendix A – Market Value of Investments as at 31 December 2020



Appendix B - Asset Allocation as at 31 December 2020

		31-Aug-20	Transactions	31-Dec-20			Target Allocation	
		£	£	£	%	%	%	%
Equities						46.59%		50.00
	LGIM Global	Dec-20	274,261,150	299,018,734	22.38%		20.00	
	LGIM RAFI	Dec-20	212,947,653	241,521,748	18.08%		20.00	
	Emerging Markets	Dec-20	64,945,490	76,035,374	5.69%		5.00	
	Private Equity	Sep-20	4,293,979	5,972,277	0.45%		5.00	
Property						4.03%		10.00
	Core UK Commercial						5.00	
	Aberdeen Standard Long Lease	Sep-20	29,012,830	29,243,000	2.19%		2.50	
	CBRE Global	Sep-20	24,600,915	24,619,476	1.84%		2.50	
Diversified Growth						13.75%		0.00
	Schroder	Dec-20	132,639,120	140,796,921	10.54%		0.00	
	BNY Mellon (Newton)	Dec-20	51,315,339	-10,000,000	42,877,718	3.21%		0.00
Multi Credit Liquid						8.98%		11.00
	Baring Global High Yield	Dec-20	37,488,086	39,881,796	2.98%		3.50	
	Alcentra	Dec-20	33,892,170	36,302,730	2.72%		3.50	
	Insight Secured Finance	Dec-20	42,460,180	43,838,035	3.28%		4.00	
Corporate Bonds						10.78%		10.00
	Schroder		137,566,866	144,021,817	10.78%		10.00	
Illiquid Alternatives						14.74%		19.00
	Alcentra	Sep-20	23,736,119	-2,460,408	22,387,174	1.68%	4.00	
	Partners Group	Dec-20	73,668,261	-2,414,227	74,397,244	5.57%	7.00	
	M&G Lion Credit Opport	Dec-20	30,388,008	30,921,824	2.31%		3.00	
	IFM Global Infrastruct	Dec-20	65,818,170	69,206,350	5.18%		5.00	
Cash			8,454,651	6,607,047	15,061,698	1.13%	1.13%	0.00
Total			1,247,488,987	-8,267,588	1,336,103,916	100.00%	100.00%	100.00

NB: During quarter 4, 2020 LBB contributions were reduced by £6.8 million relating to advance payment of deficit contributions during April 2020.

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London Borough of Barnet Pension Fund

Q4 2020 Investment Monitoring Report

Nick Jellema – Senior Investment Consultant

Yoel Deal – Associate Investment Consultant

Greg Illingworth – Investment Analyst

Hansinee Khoobloll – Investment Analyst

Executive Summary

Fund assets totalled c.£1,338m at the end of Q4 2020, an increase of c.£97m from the end of the previous quarter.

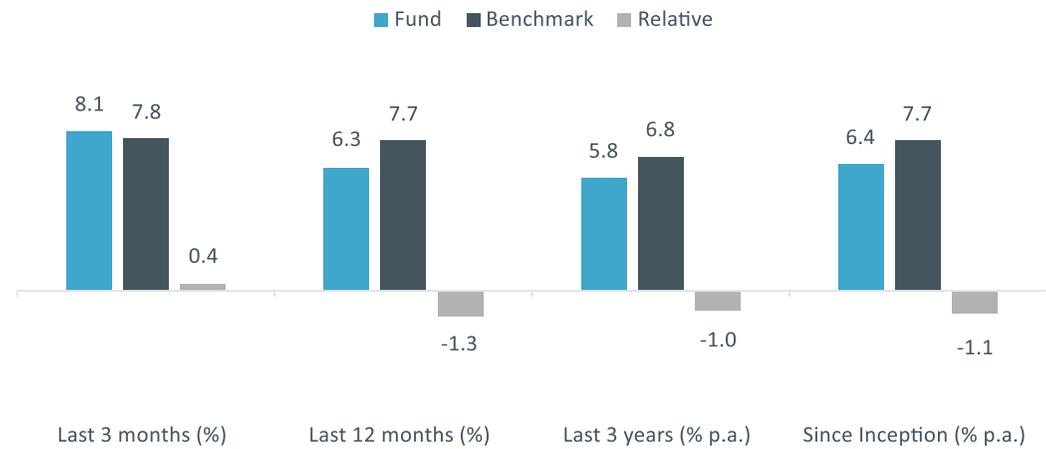
The Fund's assets returned 8.1% (net of fees) over the quarter, outperforming the benchmark by +0.4%.

Key Actions

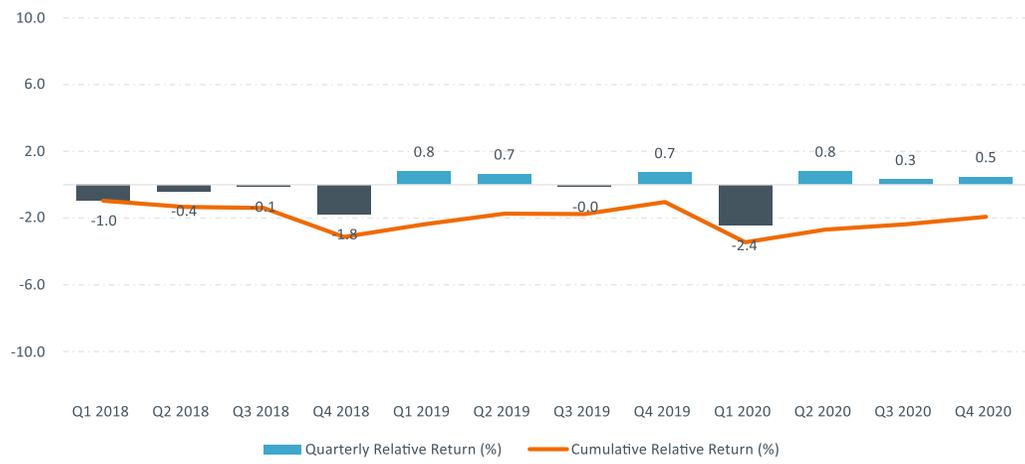
Over the quarter there were three transactions in the Fund:

- A disinvestment of £10m from BNY Mellon Real Return Fund.
- Partners Group MAC 2019 made its final capital call of £4.5m.

Historic quarterly performance (net of fees)



Relative quarterly and relative cumulative performance 3y (gross of fees)

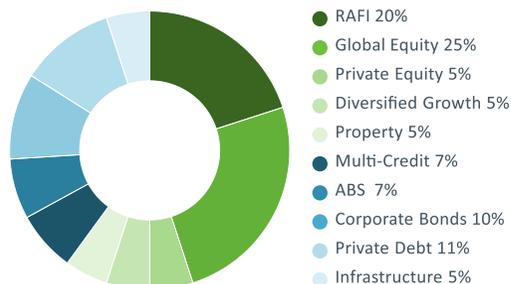


Asset allocation

Manager	Valuation (£m)		Actual Proportion	Benchmark	Relative
	Q3 2020	Q4 2020			
LGIM FTSE RAFI All World 3000 Equity Index GBP Hdgd	206.5	241.7	18.1%	20.0%	-1.9%
LGIM UK Equity	11.8	13.3	1.0%		
LGIM World ex UK Dev Equity Index	128.6	139.0	10.4%	20.0%	2.4%
LGIM World ex UK Dev Equity Index GBP Hdgd	109.2	122.5	9.2%		
LGIM World Emerging Markets Equity Index	22.0	24.4	1.8%		
LCIV Emerging Markets Fund	64.9	76.0	5.7%		
BNY Mellon Real Return Fund	50.6	42.9	3.2%	0.0%	3.2%
Schroder Life Diversified Growth Fund	131.0	140.8	10.5%	5.0%	5.5%
Adams Street 2019 Global Fund LP	5.0	6.3	0.5%	5.0%	-4.5%
Standard Life Long Lease Property Fund	29.2	29.6	2.2%	2.5%	-0.3%
CBRE GIP Global Alpha Fund	26.6	26.1	1.9%	2.5%	-0.6%
Total Growth	785.3	862.7	64.5%	60.0%	4.5%
Alcentra Multi-Credit	34.5	36.3	2.7%	3.5%	-0.8%
Barings Multi-Credit	37.5	39.9	3.0%	3.5%	-0.5%
Insight Secured Finance Fund	42.7	43.8	3.3%	4.0%	-0.7%
M&G ABS Alternative Credit Fund	30.6	30.9	2.3%	3.0%	-0.7%
Schroder All Maturities Corporate Bond Fund	138.2	144.0	10.8%	10.0%	0.8%
Alcentra Direct Lending	22.0	21.7	1.6%	3.0%	-1.4%
Partners Group MAC 2015	16.0	14.7	1.1%	2.5%	-1.4%
Partners Group MAC 2017	30.2	28.2	2.1%	3.0%	-0.9%
Partners Group MAC V	26.3	31.5	2.4%	2.5%	-0.1%
IFM Global Infrastructure	68.6	69.4	5.2%	5.0%	0.2%
Total Income	446.6	460.4	34.4%	40.0%	-5.6%
Cash	9.1	15.1	1.1%	0.0%	1.1%
Total Fund	1,241.0	1,338.1	100.0%	100.0%	

The Q4 20 valuations for Alcentra Direct Lending, Adams Street partners and CBRE Global Alpha are as at Q3 20, due to a lag applied by the manager. Where applicable, those valuations are adjusted for cashflows over Q4.

Strategic allocation



The allocation chart shows a diverse range of assets invested across Growth and Income mandates.

Manager performance (gross of fees)

	Last 3 months (%)			Last 12 months (%)			Last 3 years (% p.a.)			Since Inception (% p.a.)		
	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative
Growth												
LGIM FTSE RAFI All World 3000 Equity Index GBP Hdgd	17.1	16.7	0.3	0.0	0.0	0.0	2.7	2.7	0.0	7.2	7.2	0.0
LGIM UK Equity	12.7	12.6	0.1	-9.7	-9.8	0.1	-0.8	-0.9	0.1	4.2	4.0	0.1
LGIM World ex UK Dev Equity Index	8.1	8.1	0.0	14.5	14.6	0.0	11.3	11.2	0.0	13.2	13.2	0.0
LGIM World ex UK Dev Equity Index GBP Hdgd	12.3	12.3	0.0	13.7	13.8	-0.1	n/a	n/a	n/a	14.2	14.2	0.0
LGIM World Emerging Markets Equity Index	11.2	11.2	0.0	11.6	11.7	-0.1	5.9	6.0	0.0	10.7	10.7	0.0
LCIV Emerging Markets Fund	17.3	13.2	3.6	27.2	14.6	10.9	n/a	n/a	n/a	26.5	16.6	8.5
BNY Mellon Real Return Fund	5.7	1.0	4.6	7.7	4.3	3.3	7.0	4.6	2.3	4.6	4.6	0.1
Schroder Life Diversified Growth Fund	7.5	1.3	6.1	8.4	5.8	2.5	4.3	6.2	-1.8	5.1	7.3	-2.0
Standard Life Long Lease Property Fund	1.4	1.1	0.3	4.6	10.3	-5.2	n/a	n/a	n/a	4.5	7.7	-3.0
CBRE GIP Global Alpha Fund	-1.7	2.4	-4.0	1.0	10.0	n/a	n/a	n/a	n/a	3.2	10.0	-6.2
Income												
Alcentra Multi-Credit	5.4	1.0	4.4	0.2	4.4	-4.0	2.7	4.7	-1.9	4.7	4.5	0.2
Barings Multi-Credit	6.5	1.3	5.1	1.2	5.4	-4.0	2.8	5.7	-2.7	5.1	5.6	-0.5
Insight Secured Finance Fund	2.7	1.0	1.7	0.4	4.4	-3.9	2.7	4.7	-1.9	3.2	4.7	-1.4
M&G ABS Alternative Credit Fund	1.2	0.4	0.7	1.0	2.1	-1.0	1.9	2.4	-0.5	2.6	2.3	0.2
Schroder All Maturities Corporate Bond Fund	4.2	3.2	1.0	10.8	7.9	2.6	6.6	5.2	1.3	7.1	6.4	0.7
Alcentra Direct Lending	3.2	2.3	0.9	-0.8	9.5	-9.4	5.7	9.5	-3.5	6.3	9.5	-2.9
Partners Group MAC 2015	1.3	1.3	0.0	0.1	5.4	-5.0	n/a	n/a	n/a	3.5	5.1	-1.5
Partners Group MAC 2017	1.3	1.3	0.0	2.6	5.4	-2.7	n/a	n/a	n/a	4.3	5.1	-0.7
Partners Group MAC V	2.7	1.3	1.4	3.7	5.4	-1.6	n/a	n/a	n/a	3.1	5.1	-1.9
IFM Global Infrastructure	1.3	2.4	-1.1	0.7	10.0	-8.4	n/a	n/a	n/a	11.0	10.0	0.9
Total	8.3	7.8	0.5	6.7	7.7	-0.9	6.1	6.8	-0.6	6.8	7.7	-0.8

The Q4 20 performance for Alcentra Direct Lending and CBRE Global Alpha are as at Q3 20, due to a lag applied by the manager. Hymans Robertson calculate the performance numbers for the Partners Group, Alcentra Direct Lending and IFM Global Infrastructure mandates, these may differ to the managers net IRR.

Alcentra Multi-Credit Fund uses the manager's estimated performance for December 2020.

Source: Fund performance provided by Investment Managers and is gross of fees.
Benchmark performance provided by Investment Managers and DataStream.

Manager performance (net of fees)

The table shows a summary of the Fund performance, net of investment management fees, over selected time periods.

	Last 3 months (%)			Last 12 months (%)			Last 3 years (% p.a.)			Since Inception (% p.a.)		
	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative
Growth												
LGIM FTSE RAFI All World 3000 Equity Index GBP Hdgd	17.0	16.7	0.3	-0.1	0.0	0.0	2.6	2.7	-0.1	7.2	7.2	-0.1
LGIM UK Equity	12.7	12.6	0.1	-9.7	-9.8	0.1	-0.8	-0.9	0.1	4.2	4.0	0.1
LGIM World ex UK Dev Equity Index	8.1	8.1	0.0	14.5	14.6	0.0	11.3	11.2	0.0	13.2	13.2	0.0
LGIM World ex UK Dev Equity Index GBP Hdgd	12.2	12.3	0.0	13.7	13.8	-0.1	n/a	n/a	n/a	14.1	14.2	-0.1
LGIM World Emerging Markets Equity Index	11.2	11.2	0.0	11.5	11.7	-0.2	5.9	6.0	-0.1	10.7	10.7	0.0
LCIV Emerging Markets Fund	17.1	13.2	3.5	26.6	14.6	10.4	n/a	n/a	n/a	26.0	16.6	8.1
BNY Mellon Real Return Fund	5.5	1.0	4.5	7.1	4.3	2.7	6.4	4.6	1.7	4.0	4.6	-0.5
Schroder Life Diversified Growth Fund	7.4	1.3	6.0	7.9	5.8	1.9	3.8	6.2	-2.3	4.5	7.3	-2.6
Standard Life Long Lease Property Fund	1.3	1.1	0.2	4.0	10.3	-5.6	n/a	n/a	n/a	4.1	7.7	-3.4
CBRE GIP Global Alpha Fund	-1.8	2.4	-4.1	0.6	10.0	-8.6	n/a	n/a	n/a	2.7	10.0	-6.6
Income												
Alcentra Multi-Credit	5.3	1.0	4.2	-0.3	4.4	-4.5	2.2	4.7	-2.4	4.2	4.5	-0.3
Barings Multi-Credit	6.3	1.3	5.0	0.7	5.4	-4.5	2.3	5.7	-3.3	4.5	5.6	-1.0
Insight Secured Finance Fund	2.6	1.0	1.6	0.0	4.4	-4.2	2.3	4.7	-2.3	3.2	4.7	-1.4
M&G ABS Alternative Credit Fund	1.1	0.4	0.6	0.7	2.1	-1.3	1.6	2.4	-0.8	2.3	2.3	-0.1
Schroder All Maturities Corporate Bond Fund	4.2	3.2	0.9	10.6	7.9	2.4	6.4	5.2	1.1	6.9	6.4	0.5
Alcentra Direct Lending	2.9	2.3	0.6	-2.0	9.5	-10.6	4.4	9.5	-4.7	5.0	9.5	-4.1
Partners Group MAC 2015	1.1	1.3	-0.2	-0.6	5.4	-5.7	n/a	n/a	n/a	2.8	5.1	-2.2
Partners Group MAC 2017	1.1	1.3	-0.2	1.8	5.4	-3.4	n/a	n/a	n/a	3.6	5.1	-1.5
Partners Group MAC V	2.5	1.3	1.2	2.9	5.4	-2.3	n/a	n/a	n/a	2.5	5.1	-2.5
IFM Global Infrastructure	1.1	2.4	-1.3	0.0	10.0	-9.1	n/a	n/a	n/a	10.2	10.0	0.2
Total	8.1	7.8	0.4	6.3	7.7	-1.3	5.8	6.8	-1.0	6.4	7.7	-1.1

The Q4 20 performance for Alcentra Direct Lending and CBRE Global Alpha are as at Q3 20, due to a lag applied by the manager. Hymans Robertson calculate the performance numbers for the Partners Group, Alcentra Direct Lending and IFM Global Infrastructure mandates, these may differ to the managers net IRR.

Alcentra Multi-Credit Fund uses the manager's estimated performance for December 2020.

Source: Fund performance provided by Investment Managers and is net of fees.
Benchmark performance provided by Investment Managers and DataStream

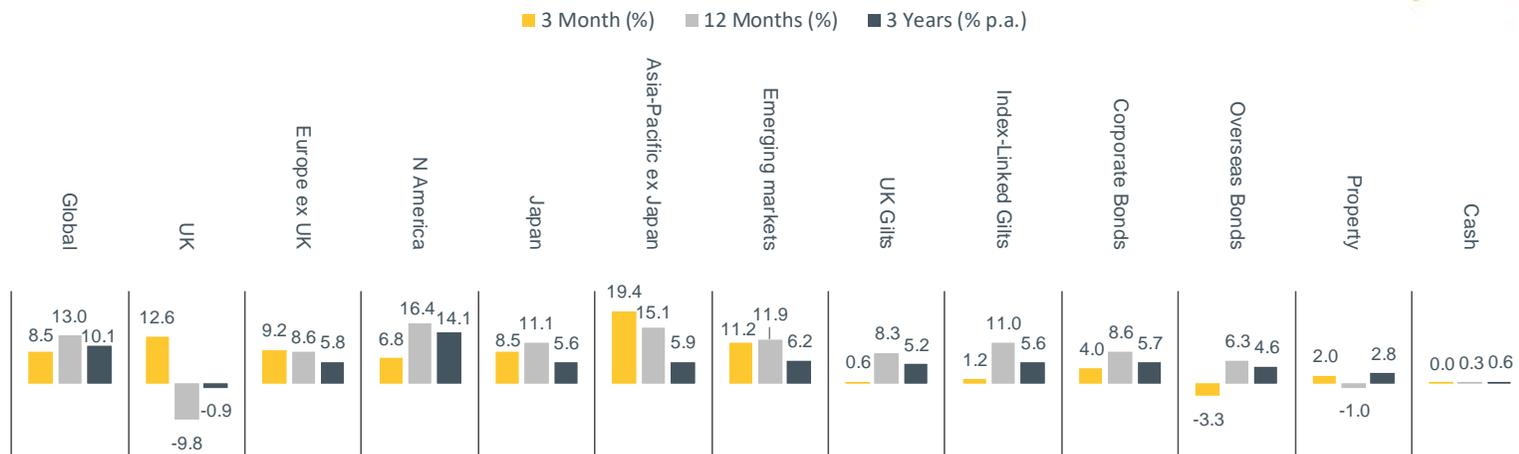
Q3 GDP releases show the initial rebound in activity was sharp as the major advanced economies emerged from lockdown but annualised falls in output have been significant. Composite PMIs suggest the UK and Eurozone economies ended 2020 on a weak note but the global equivalent remains at a level signalling expansion, supported by solid readings in the US, China and elsewhere. Though COVID-19 cases continue to rise at a global level, many advanced economies could potentially vaccinate a large proportion of their most vulnerable citizens in the first half of 2021.

UK headline inflation slowed more than expected falling from 0.7% in October to 0.3% year-on-year in November as restrictions to curb the spread of coronavirus were re-imposed.

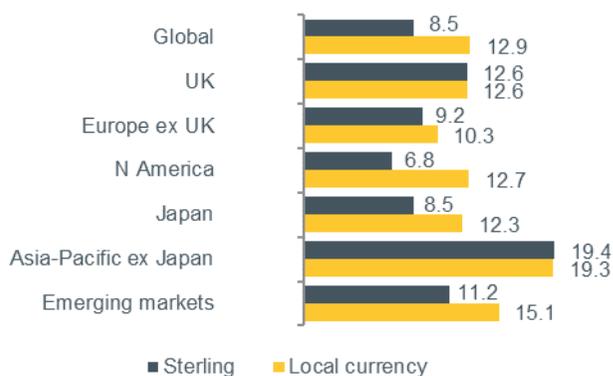
Despite hopes of economic recovery in 2021, government bond yields rose only modestly in the US and fell in the UK and Germany due to near-term economic weakness and central bank intervention. Implied inflation rose at longer terms despite the government's announcement that RPI will be aligned with CPIH from 2030. Global investment grade credit spreads fell from 1.4% p.a. to 1.0% p.a. and global speculative-grade spreads from 5.6% p.a. to 4.1% p.a., as lower rated credit outperformed higher quality.

Sterling was volatile as Brexit talks approached their conclusion, although it ended the period 1.9% higher in trade-weighted terms as the EU and UK reached a trade deal. In comparison, on a trade-weighted basis the US Dollar and Japanese Yen, both typically considered safe-haven currencies, fell 5.3% and 1.4% below end-September levels.

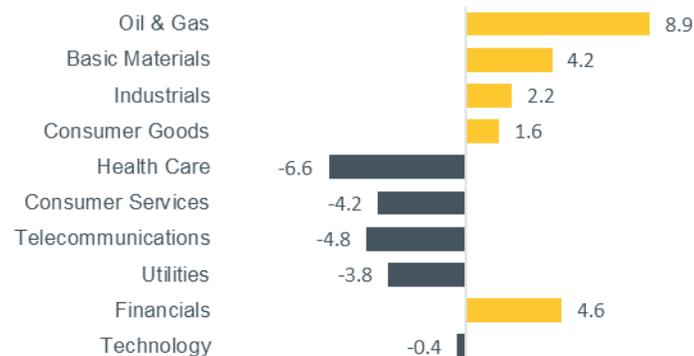
Historic returns for world markets [1]



Regional equity returns [2]



Global equity sector returns (%) [3]



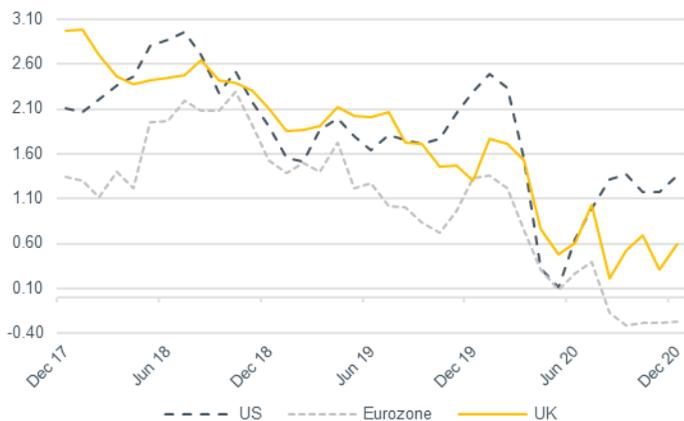
[1] All returns are in Sterling terms. Indices shown (from left to right) are as follows: FTSE All World, FTSE All Share, FTSE AW Developed Europe ex-UK, FTSE North America, FTSE Japan, FTSE AW Developed Asia Pacific ex-Japan, FTSE Emerging, FTSE Fixed Gilts All Stocks, FTSE Index-Linked Gilts All Maturities, iBoxx Corporates All Investment Grade All Maturities, JP Morgan GBI Overseas Bonds, MSCI UK Monthly Property Index; UK Interbank 7 Day. [2] FTSE All World Indices [3] Relative to FTSE All World Indices.

After falling in October amid renewed restrictions to curb rapidly rising COVID-19 cases, positive vaccine news propelled equity markets higher, with the FTSE All World returning 12.9% in Q4. This news also caused some moderate rotation within global equities as areas of the market most impacted negatively by the pandemic outperformed. This was evident in the outperformance of cyclical sectors such as oil & gas, financials and materials and interconnectedly, styles such as value and smaller capitalisation stocks. Defensive areas such as Healthcare, Utilities and Telecoms all underperformed.

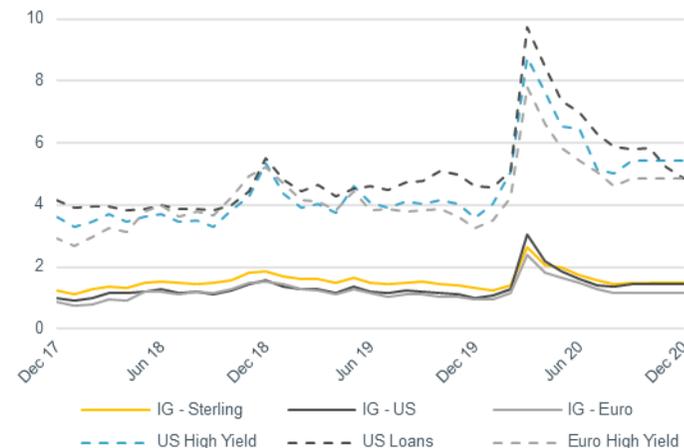
From a regional perspective, Emerging market and Asia ex-Japan equities outperformed, both benefiting from renewed hopes of a cyclical recovery, a falling dollar and increasing global trade activity.

The rolling 12-month total return on the MSCI UK Monthly Property index was -1.9% to the end of November, although monthly total returns have now been positive since July. Capital values, in aggregate, have fallen 7.1% in the year to November, predominantly due to a 17.9% fall in the retail sector, where capital values continue to decline sharply.

Annual CPI Inflation (% p.a.)



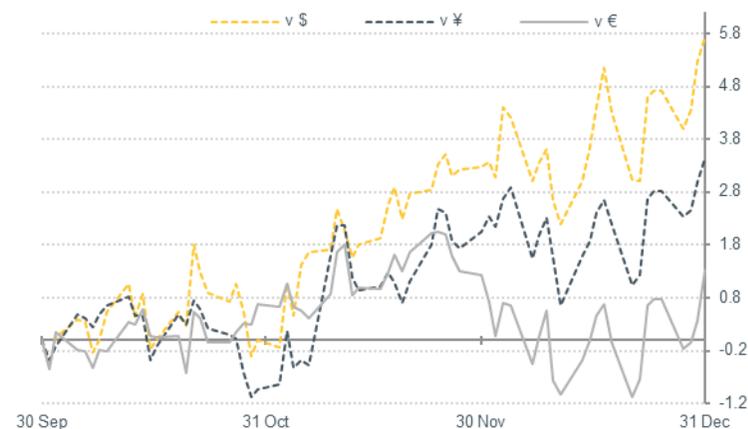
Investment and speculative grade credit spreads (% p.a.)



Gilt yields chart (% p.a.)



Sterling trend chart (% change)



Source: Reuters

Risk Warning

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investment in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

In some cases, we have commercial business arrangements/agreements with clients within the financial sector where we provide services. These services are entirely separate from any advice that we may provide in recommending products to our advisory clients. Our recommendations are provided as a result of clients' needs and based upon our independent research. Where there is a perceived or potential conflict, alternative recommendations can be made available.

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Geometric v Arithmetic Performance

Hymans Robertson are among the investment professionals who calculate relative performance geometrically as follows:

$$\frac{(1 + \text{Fund Performance})}{(1 + \text{Benchmark Performance})} - 1$$

Some industry practitioners use the simpler arithmetic method as follows:

$$\text{Fund Performance} - \text{Benchmark Performance}$$

The geometric return is a better measure of investment performance when compared to the arithmetic return, to account for potential volatility of returns.

The difference between the arithmetic mean return and the geometric mean return increases as the volatility increases.

	Pension Fund Committee 24 February 2021	AGENDA ITEM 11
Title	Re-procurement of Investment Consultancy Services to the Barnet Pension Fund	
Report of	Director of Finance	
Wards	N/A	
Status	Public	
Urgent	No	
Key	No	
Enclosures	Appendix A – Chief Officer in Consultation with Chairman report – Investment Consultant	
Officer Contact Details	Nigel Keogh, Strategic Pensions Consultant Nigel.Keogh@barnet.gov.uk 07505074979	
Summary		
<p>The contract for the supply of Investment Consultancy services to the Barnet Pension Fund expires on 31 March 2021. This paper sets out the outcome of exercise to re-procure those services.</p>		
Recommendations		
<p>The Committee is asked to note the intention to reappoint Hymans Robertson as the provider of Investment Consultancy services to the Barnet Pension Fund.</p>		

1. WHY THIS REPORT IS NEEDED

- 1.1 The current contract for investment consultancy services to the Barnet Pension Fund commenced on 10 June 2015 and is due to expire on 31 March 2021 (no further contract extension is permitted). The incumbent provider is Hymans Robertson.
- 1.2 In order to ensure continuity of service provision, it was therefore necessary to run a competitive tender exercise to re-procure the service.
- 1.3 In October 2020, the Director of Finance was granted authority to commence procurement activity in order for the Council to procure an investment consultancy services provider (see Appendix A).
- 1.4 This report sets out the outcome of the procurement and subsequent actions.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The decision to reappoint Hymans Robertson as the investment consultant to the Barnet Pension Fund follows the completion of the procurement exercise.
- 2.2 The exercise was carried out as a further competition under the National LGPS Investment Management Consultancy Services Framework which is fully compliant with the Public Contract Regulations 2015, and is widely used across LGPS administering authorities.
- 2.3 The invitation to tender was issued on 24 November 2020 and the closing date for responses was 22nd December 2020. Two bids were received.
- 2.4 Tenders were evaluated for service quality (40%), service fit (40%) and price (20%). The service fit evaluation included a presentation from bidders, which were scored by the chair of the Pension Fund Committee and the Head of Pensions, and were observed by several members of the Pension Fund Committee.
- 2.5 Bidders were notified of the outcome 26 January 2021. A standstill period was observed – this concluded at midnight on 8 February. There were no challenges to the contract award decision.
- 2.6 Officers are now in the process of completing the order form (which forms the contract between LBB and Hymans Robertson), and which will be subsequently signed by the Chief Officer and sealed by Legal..

3. REASONS FOR RECOMMENDATIONS

- 3.1 Not applicable in the context of this report.

4. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

4.1 Not applicable in the context of this report.

5. POST DECISION IMPLEMENTATION

5.1 None.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The Committee supports the delivery of the Council's strategic objectives and priorities as expressed through the Corporate Plan, 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 The procurement exercise was carried out using existing resources. The cost of using the National Framework was £5,500.

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 Local Government Pension Scheme 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.

5.4.2 The Council's Constitution contains the Contract Procedure Rules which set out the "Authorisation and Acceptance Thresholds" table. This table states that for a decision valued £500,000 and above it is a requirement to commence a procurement activity either via the Council's Procurement Forward Plan or relevant Themed Committee. For the reasons set out in Appendix A, this requirement was waived. In accordance with Section 12 of the Contract Procedure Rules, a report shall be submitted the next available Policy and Resources Committee, setting out the reasons for the emergency waiver.

5.4.3 The Council's Constitution, Contract Procedure Rules sets out within the "Authorisation and Acceptance Thresholds" table that a decision of this value requires either Authorisation documentation; Relevant Theme Committee Decision; or Procurement Forward Plan. Appendix A provided the relevant authorisation.

5.4.4 Contained within the Chief Officer's Scheme of Delegation, it states that the Chief Financial Officer is responsible for implementation and monitoring of the pension fund investment strategy. All investment decisions regarding the precise timing and amounts of rebalancing are delegated to the Chief Financial Officer and there are no restrictions placed on this discretion. However in accordance with LGPS Regulations, in making such decisions, the advice of a person whom the authority reasonably considers to be qualified by their ability in and practical experience of financial matters must be sought. The appointment of a suitable investment advisor is therefore integral to ability of the Chief Officer to discharge this function.

5.4.5 The Council's Constitution – Article 7 – includes within it the responsibilities of the Pension Fund Committee, which includes the appointment of investment advisors. It is therefore considered appropriate for the Pension Fund Committee to receive this report.

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 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) 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. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality duty.

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.

5.9 Insight

5.9.1 Not applicable in the context of this report.

6. BACKGROUND PAPERS

6.1 none

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	CHIEF OFFICER IN CONSULTATION WITH COMMITTEE CHAIRMAN DELEGATED POWERS REPORT
Title	Procurement of Investment Consultancy services to the Barnet Pension Fund
Report of	Director of Finance
Wards	N/A
Status	Public
Enclosures	N/A
Officer Contact Details	George Bruce - 0208 359 7126 George.bruce@barnet.gov.uk

Summary

The current contract for Investment Consultancy services to the Barnet Pension Fund commenced on and is due to expire on 31 March 2021 (no further contract extension is permitted). In order to ensure continuity of service provision, it is therefore necessary to run a competitive tender exercise to re-procure the service. This report sets out how this will be undertaken whilst managing the risks of business interruption due to the COVID-19 pandemic by delegating powers to officers to proceed with the procurement process.

Decisions

That authority be granted to commence procurement activity in order for the Council to re-procure an investment consultancy services provider to the Barnet Pension Fund, following the end of the current Investment Consultancy services contract (31 March 2021).

1. WHY THIS REPORT IS NEEDED

- 1.1 The current contract for investment consultancy services to the Barnet Pension Fund commenced on 10 June 2015 and is due to expire on 31 March 2021 (no further contract extension is permitted). The incumbent provider is Hymans Robertson.
- 1.2 In order to ensure continuity of service provision, it is therefore necessary to run a competitive tender exercise to re-procure the service.
- 1.3 The need for this procurement does not currently form part of the Council's Forward Procurement Plan.
- 1.4 This report sets out how this will be undertaken whilst managing the risks of business interruption due to the COVID-19 pandemic, by delegating powers to officers to proceed with the procurement process.

2. REASONS FOR RECOMMENDATIONS

- 2.1 In order to minimise the risk of the COVID-19 pandemic impacting on the procurement timetable, officers wish to commence the procurement process as soon as possible to allow for any slippages in the timetable that may occur due to business interruptions both at the Council and at potential suppliers.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 No alternative options are available.

4. POST DECISION IMPLEMENTATION

- 4.1 This report will be submitted to Policy and Resources Committee to note as required by section 12 of the Council's Contract Procedural rules.
- 4.2 A report on the appointment of the successful bidder will be submitted to the Pension Fund Committee for approval on 24 February 2020.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 Investment Consultancy services include the provision of advice and guidance to ensure

compliance with the regulatory requirements of the Local Government Pension Scheme.

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

5.2.1 The cost of Pension Fund investment consultancy services is charged to the Barnet Pension Fund.

5.2.2 It is intended to conduct this procurement using the National LGPS Investment Consultancy Services Framework which is fully compliant with the Public Contract Regulations 2015. The Council can reduce procurement time and costs by using a local authority specific framework which has already been through a competitive, OJEU-compliant procurement process. Once the procurement is complete, the order form (which forms the contract between LBB and the successful bidder) will be subject to signing and sealing.

5.2.3 In light of the reasons set out at section 2 meetings, the Council has taken this decision to grant approval authorisation to commence the necessary procurement activity in this way.

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 Local Government Pension Scheme 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.

5.4.2 The Council's Constitution contains the Contract Procedure Rules which set out the "Authorisation and Acceptance Thresholds" table. This table states that for a decision valued £500,000 and above it is a requirement to commence a procurement activity either via the Council's Procurement Forward Plan or relevant Themed Committee. For the reasons set out in the report above, such requirement needs to be waived. In accordance with Section 12 of the Contract Procedure Rules, a report shall be submitted the next available Policy and Resources Committee, setting out the reasons for the emergency waiver.

5.4.3 The Council's Constitution, Contract Procedure Rules sets out within the "Authorisation and Acceptance Thresholds" table that a decision of this value requires either Authorisation documentation; Relevant Theme Committee Decision; or Procurement Forward Plan. This report is intended to provide the relevant authorisation.

5.4.4 The Council's Constitutions, Article 7 – Committees, Forums, Working Groups and Partnerships states that the Pension Fund Committee has the power to appoint Pension Fund investment advisors.

5.4.5 Contained within the Chief Officer's Scheme of Delegation, it states that the Chief Financial Officer is responsible for implementation and monitoring of the pension fund investment strategy. All investment decisions regarding the precise timing and amounts of rebalancing are delegated to the Chief Financial Officer and there are no restrictions placed on this discretion. However in accordance with LGPS Regulations, in making such decisions, the advice of a person whom the authority reasonably considers to be qualified by their ability in and practical experience of financial matters must be sought. The appointment of a suitable investment advisor is therefore integral to ability of the Chief Officer to discharge this function.

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. The purpose of the delegations and actions set out in this report form part of our risk mitigation actions.

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: 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) 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. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality duty.

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.

5.9 Insight

5.9.1 Not applicable in the context of this report.

6. BACKGROUND PAPERS

6.1 None

Chairman: Cllr Daniel Thomas

Has been consulted

Signed

Handwritten signature of Dan Thomas in black ink.

Date

2 November 2020

Chief Officer: Anisa Darr

Decision maker having taken into account the views of the Chairman

Signed

Handwritten signature of Anisa Darr in black ink.

Date

2 November 2020

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Pension Fund Committee

24 February 2021

Title	Responsible Investing & Climate Change
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix 1 – Revisions to Investment Strategy Statement Appendix 2 – TCFD Framework
Officer Contact Details	George Bruce, Head of Treasury, george.bruce@barnet.gov.uk - 0208 359 7126

Summary

Two issues are covered in the paper. Firstly documentation of the Committees responsible investment beliefs in the investment strategy statement and secondly to make the Committee aware of the impending requirement to comply with the recommendations of the Taskforce on Climate-related Financial Disclosures.

Officers Recommendations

That the Pension Fund Committee:

1. Approved the revised Responsible Investment section of the Investment Strategy Statements, and
2. Note the work that officers and investment advisors will undertake in preparation for the anticipated requirement to comply with the framework established by the Taskforce on Climate-related Financial Disclosures.

1. WHY THIS REPORT IS NEEDED

Updating of Investment Strategy Statement

- 1.1 The Pension Fund Committee have considering their approach to responsible investment (RI) and in particular the incorporation of environmental, social & governance (ESG) factors into investment decision making since the summer of 2019, mostly notably via the training on 11 November 2019 and the survey of members' attitudes that followed. The Committee concluded last July that there should be more emphasis on responsible investment (RI) and pooling within the portfolio. Reference to RI was intended to mean all aspects of ESG. Hymans Robertson (investment advisor) have proposed that the Committee prepare a Responsible Investment Policy note that would set out the approach taken by the Committee to RI, it's beliefs and how these would be implemented. This appears sensible as a reference point as the Committee are currently reshaping the investments to enhance both sustainability and pooling. Knowing the Committee's reluctance to generate additional paperwork, officers are proposing that as an alternative the beliefs underlying decision making are reflected in an amended section of the investment strategy statement (ISS). The proposed and current sections of the ISS are attached (appendix 1)
- 1.2 The beliefs that emerged from the survey as subsequently discussed at Committee have been recorded as:

Well run companies will generate better long-term returns

Incorporating a regard for ESG into investment decision making will help mitigate risk such as climate change.

The Fund should avoid/limit exposure to securities where environmental, social or governance aspects will be financially detrimental to the portfolio.

The change to a low carbon economy offers both opportunities and risks.

Engagement, particularly in collaboration with other investors, is a better approach than disinvestment, although the latter may be appropriate when engagement will not achieve the Committee's goals.

Obtaining the best long-term financial outcomes remains the primary objective of investment policy and ESG is a factor, but not the only factor in choosing investments

- 1.3 If the Committee is satisfied that these statements reflect their beliefs, they are asked to approve the amendment to the ISS contained within appendix 1.

Taskforce on Climate-related Financial Disclosures

- 1.4 The Government has previously consulted on requiring private sector pension schemes to manage and report on climate related risk using a framework developed by the Taskforce on Climate Related Financial Disclosures (TCFD). A copy of the framework is attached (appendix 2). It is expected that this requirement will be extended to public

sector schemes. The purpose of the Government's proposals is to require pension schemes to put in place appropriate governance arrangements to ensure that climate risks and opportunities are being considered. Also to "allow trustees to demonstrate better how consideration of climate-related risks and opportunities is integrated into their scheme's entire governance and decision-making processes." While application to LGPS has not been confirmed, it does appear likely and is a matter of relevance to the decisions the Committee will be taking at the meeting.

- 1.5 The framework has four dimensions which are: governance, strategy, scenario analyses and metrics & targets. Regulations may include an additional dimension relating to knowledge and Understanding. Essentially it is a risk-based approach, with a nod to considering the opportunities. Statutory guidance is expected to specify the types of metric that may be employed and how the framework should be used. In particular, it is expected that the use of Weighted Average Carbon Intensity [Emissions per unit sales for each portfolio company, weighted by the size of the allocation to each company in the portfolio] will be included in guidance as the preferred emissions-based metric.
- 1.6 Based on value of fund, Governance requirements for Barnet Pension Fund will be required from 1 October 2022, with the first report latest 31 October 2023. The requirements for schemes in excess of £5 billion commence one year earlier therefore it is expected that we will be able to review over the next year the approaches adopted by larger schemes in determining our own approach. We have been assured that corporates, fund managers and other regulated entities (investment advisors) will be subject to the same requirements. The Government have made clear that the proposed private sector regulations do not give it the power to direct schemes or set their investment strategies. However, Government already have such powers for the LGPS introduced to facilitate pooling. In reference to metrics & scenario analysis they will also caveat the requirements with "as far as they are able" i.e. the required data is available and also that immateriality may be a limiting factor and possibly where costs are prohibitive (complex investment structures). It is assumed that the requirements apply to all asset classes.
- 1.7 The government has also signalled a future intent to consult on "Paris alignment reporting" and the potential obligation for pension schemes to report on the implied warming potential of a portfolio. However, they appear to realise the complexity and imprecision noting that the Paris accord was never written with investors in mind.

Next Steps

- 1.8 As mentioned above there are good reasons for taking a wait and see approach over the next twelve months:
 - The current proposals do not yet apply to the LGPS,
 - Statutory guidance will be published, and
 - Schemes of the size of Barnet have a year longer than larger pension schemes to implement the proposals thus offering an opportunity to learn and cherry pick approaches most suitable.
- 1.9 However, it is suggested that the following actions are taken in 2021:
 - Update the Committee when LGPS regulations and guidance is issued,

- Engage with investment managers (including LCIV) and advisors to determine how they will meet their responsibilities, particularly in relation to the provision of data,
- Ask managers presenting to the Committee to focus on TCFD compliance and RI integration into investment processes,
- Monitor the approaches taken by larger schemes and ascertain suitability for LB Barnet, and
- Review Committee training needs.

1.10 A further report will be made once draft LGPS regulations are published.

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 and publish a statement of any revisions made. The Regulations also require the Scheme's Investment Strategy Statement to the Committee's policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Alternatives will be considered when TCFD regulations and guidance applicable to LGPS are issued.

4. POST DECISION IMPLEMENTATION

4.1 There will be regular feedback to the Committee on actions taken.

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 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 and publish a statement of any revisions made.

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 (ISS) and (2) the appointment of investment managers. This paper considers factors that will influence the asset allocation set out in the ISS.

5.5 Risk Management

5.5.1 Risk management is central to the LGPS; which 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 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) 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. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality duty.

5.7 Corporate Parenting

5.7.1 Not applicable in the context of this report.

5.8 Consultation and Engagement

5.8.1 Including Local Pension Board members in training and in the beliefs survey will enable the Committee to consider the views of scheme member and employer representatives.

5.9 **Insight**

5.9.1 Not applicable

6. **BACKGROUND PAPERS**

6.1 Pension Fund Committee 21 November 2019, agenda item 12 – Responsible Investing

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=191&MId=9920&Ver=4>

Pension Fund Committee 27 July 2020, agenda item 9 – Responsible investing

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=191&MId=10149&Ver=4>

Revision to Investment Strategy Statement

Proposed revised RI section

How Responsible Investment (social, environmental and corporate governance considerations and stewardship) are taken into account in the selection, non-selection, retention and realisation of investments

In this section responsible investment (RI) refers to investment practices that integrate the consideration of environmental, social and governance (ESG) factors into investment management processes and ownership practices recognising that these factors can have a material impact on financial performance. Stewardship and governance refer to acting as responsible and active investors/owners, through considered voting of shares, and engaging with investee company management as part of the investment process.

Beliefs

The Pension Fund Committee (The Fund) has reviewed its responsible Investment beliefs with the assistance of a workshop facilitate by its investment advisor and external speakers. This was followed up with a survey of members of both the Pension Fund Committee and Local Pension Board. As a consequence the Committee has expressed the following beliefs with regards to Responsible Investment.

- Well run companies will generate better long-term returns.
- Incorporating a regard for ESG into investment decision making will help mitigate risk such as climate change.
- The change to a low carbon economy offers both opportunities and risks (stranded assets).
- The Fund should avoid/limit exposure to securities where environmental, social or governance aspects will be financially detrimental to the portfolio.
- Engagement, particularly in collaboration with other investors, is a better approach than disinvestment, although the latter may be appropriate when engagement will not achieve the desired outcomes.
- Obtaining the best long-term financial outcomes remains the primary objective of investment policy and ESG is a factor, but not the only factor in choosing investments

These beliefs will be reviewed annually and will be taken into consideration when making investment decisions both in relation to setting and implementing investment strategy.

The Fund is committed to be a long-term steward of the assets in which it invests and expects this approach to protect and enhance the value of the Fund in the long term. In making investment decisions, the Fund seeks and receives proper advice from internal and external advisers with the requisite knowledge and skills. In addition training is taken on a regular basis and this will include matters of social, environmental and corporate governance.

Implementation of Beliefs

The Fund has agreed that investment sustainability and pooling should be enhanced. In doing so the following actions will be / have been taken:

1. The majority of passive quoted equities are currently invested in line with either market capitalisation or a value based index. Consideration will be given to changing the indices to one's that incorporate ESG factors into the selection of investment particularly with the aim of reducing exposure to climate changing emissions and preferring companies with good social and governance practices.
2. Consideration of moving assets from passive equities to pooled active equities that have a strong sustainability approach to the selection of investments.
3. Consideration of investing into other products offered by the London CIV that focus on opportunities with sustainability characteristics e.g. renewables.
4. Monitor through regular dialogue and reporting that appointed investment managers, including the London CIV (1) integrate all material financial factors, including corporate governance, environmental, social, and ethical considerations, into the decision-making process for all fund investments, and (2) use their influence, including through collaboration where appropriate, to promote good practice in the investee companies and markets to which the Fund is exposed.
5. Periodic qualitative and quantitative reviews of the ESG risks within the portfolio and consideration of alternatives.

Social Investment

The Fund is consistent in the application of risk and returns requirements when evaluating all investment opportunities, including those that address societal challenges. The Fund would invest in opportunities that address societal challenges but generate competitive financial returns. Seeking such opportunities is generally delegated to our external fund managers but will be a factor in selecting managers and investee funds.

Reporting of Responsible Investment Outcomes

It is expected that the Fund will be required to manage and monitor its exposure to climate change using the framework developed by the Taskforce on Climate-related Financial Disclosures. The Fund will develop its approach to compliance with the framework during 2021 & 2022. Where possible, reporting will also incorporate the social and governance aspects to RI. In doing so, the Fund will take a long-term view on RI, including the direction of travel as well as the current implementation.

The exercise of rights (including voting rights) attaching to investments

Voting rights

The Committee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the Fund's managers have produced written guidelines of their process and practice in this regard. The managers are strongly encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies under Regulation 7(2)(f). The Committee monitor the voting decisions made by all its investment managers on a regular basis.

Stewardship

The Fund fully endorses the principles embedded in the Stewardship Code. The Fund will be reviewing this position during 2021-22 and will consider becoming a signatory to the Code as part of this review.

In addition, the Fund expects its investment managers to work collaboratively with others if this will lead to greater influence and deliver improved outcomes for shareholders and more broadly.

The Fund through its participation in the London CIV will work closely with other LGPS Funds in London to enhance the level of engagement both with external managers and the underlying companies in which it invests.

The Committee expects both the London CIV and all directly appointed fund managers to also comply with the Stewardship Code and this will be monitored on an annual basis.

The Fund is a member of the Local Authority Pension Fund Forum and Pension and Lifetime Savings Association and in this way joins with other investors to magnify its voice and maximise the influence of investors as asset owners.

END

Existing ESG & Stewardship section

How social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments

It is recognised that ESG factors can influence long term investment performance and the ability to achieve long term sustainable returns. The Committee consider the Fund's approach to responsible investment in two key areas:

- **Sustainable investment / ESG factors** – considering the financial impact of environmental, social and governance (ESG) factors on its investments.
- **Stewardship and governance** – acting as responsible and active investors/owners, through considered voting of shares, and engaging with investee company management as part of the investment process.

The Fund is committed to be a long-term steward of the assets in which it invests and expects this approach to protect and enhance the value of the Fund in the long term. In making investment decisions, the Fund seeks and receives proper advice from internal and external advisers with the requisite knowledge and skills. In addition the Panel undertakes training on a regular basis and this will include training and information sessions on matters of social, environmental and corporate governance.

The Fund requires its investment managers to integrate all material financial factors, including corporate governance, environmental, social, and ethical considerations, into the decision-making process for all fund investments. It expects its managers to follow good practice and use their influence as major institutional investors and long-term stewards of capital to promote good practice in the investee companies and markets to which the Fund is exposed.

The Fund expects its external investment managers (and specifically the London CIV through which the Fund will increasingly invest) to undertake appropriate monitoring of current investments with regard to their policies and practices on all issues which could present a material financial risk to the long-term performance of the fund such as corporate governance and environmental factors. The Fund expects its fund managers to integrate material ESG factors within its investment analysis and decision making.

Effective monitoring and identification of these issues can enable engagement with boards and management of investee companies to seek resolution of potential problems at an early stage. Where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed, the Fund expects its investment managers to participate in joint action with other institutional investors as permitted by relevant legal and regulatory codes.

The Fund monitors this activity on an ongoing basis with the aim of maximising its impact and effectiveness.

The Fund will invest on the basis of financial risk and return having considered a full range of factors contributing to the financial risk including social, environment and governance factors to the extent these directly or indirectly impact on financial risk and return.

The Fund in preparing and reviewing its Investment Strategy Statement will consult with interested stakeholders including, but not limited to Fund employers, investment managers, Local Pension Board, advisers to the Fund and other parties that it deems appropriate to consult with.

The exercise of rights (including voting rights) attaching to investments

Voting rights

The Committee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the Fund's managers have produced written guidelines of their process and practice in this regard. The managers are strongly encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies under Regulation 7(2)(f). The Committee monitor the voting decisions made by all its investment managers on a regular basis.

Stewardship

The Fund has not issued a separate Statement of Compliance with the Stewardship Code, but fully endorses the principles embedded in the 7 Principles of the Stewardship Code. The Fund will be reviewing this position in 2017-18 with a view to formally adopting the Code.

In addition, the Fund expects its investment managers to work collaboratively with others if this will lead to greater influence and deliver improved outcomes for shareholders and more broadly.

The Fund through its participation in the London CIV will work closely with other LGPS Funds in London to enhance the level of engagement both with external managers and the underlying companies in which it invests.

The Committee expects both the London CIV and any directly appointed fund managers to also comply with the Stewardship Code and this will be monitored on an annual basis.

The Fund is a member of the Pension and Lifetime Savings Association and in this way joins with other investors to magnify its voice and maximise the influence of investors as asset owners.

End

Requirements for Investment Strategy Statement

In formulating and maintaining their policy on social, environmental and corporate governance factors, an administering authority:-

- **Must take proper advice**
- **Should explain the extent to which the views of their local pension board and other interested parties who they consider may have an interest will be taken into account when making an investment decision based on non-financial factors**
- **Must explain the extent to which non-financial factors will be taken into account in the selection, retention and realisation of investments**
- **Should explain their approach to social investments**

In formulating their policy on the exercise of rights, administering authorities:-

- **Must give reasons in their Investment Strategy Statement for not adopting a policy of exercising rights, including voting rights, attaching to investments**
- **Should, where appropriate, explain their policy on stewardship with reference to the Stewardship Code**
- **Should strongly encourage their fund managers, if any, to vote their company shares in line with their policy under Regulation 7(2)(f)**
- **May wish to appoint an independent proxy voting agent to exercise their proxy voting and monitor the voting activity of the managers, if any, and for reports on voting activity to be submitted annually to the administering authority**
- **Should publish a report of voting activity as part of their pension fund annual report under Regulation 57 of the 2013 Regulations**

Taskforce on Climate-related Financial Disclosures – Framework

TCFD Area	Requirement	Suggested LB Barnet Actions (draft)
Governance	<ul style="list-style-type: none"> Establish and maintain oversight of climate related risks and opportunities Establish and maintain processes that allow the trustees to satisfy themselves that those managing the scheme are assessing and managing climate related risks and opportunities 	<p>Annual Report on risks within portfolio v benchmark and review of opportunities as part of strategy update</p> <p>Annual report on the climate related risk and opportunities in relation to each portfolio in the fund.</p>
Strategy	<ul style="list-style-type: none"> Identify climate related risks and opportunities that will impact the investment and, for DB schemes, funding strategy of the scheme over different time horizons Assess the impact of identified risks and opportunities on the scheme's investment and, for DB schemes, funding strategy 	<p>tbc</p> <p>tbc</p>
Scenario analysis	<ul style="list-style-type: none"> At least annually, assess the resilience of the scheme's assets, liabilities and investment and, for DB schemes, funding strategy to climate related risks in at least two scenarios (including one scenario that reflects an annual temperature rise of 1.5 to 2 degrees. 	<p>tbc</p>
Risk management	<ul style="list-style-type: none"> Adopt and maintain processes for identifying, assessing and managing climate-related risks Ensure the integration of climate-related risks into overall risk management 	<p>tbc</p> <p>Amend the risk register to incorporate the risk identified above.</p>
Metrics	<ul style="list-style-type: none"> Select at least one GHG emissions and one non-emissions metrics against which to assess scheme assets against climate related risks and opportunities At least quarterly, obtain the Scope 1/2/3 emissions of the portfolio and calculate the selected emissions metric At least quarterly, obtain the necessary data and calculate the non-emissions metrics 	<p>Metrics to be selected.</p> <p>Discuss with investment adviser & managers the processes for undertaking the measurement of the selected emissions metric.</p> <p>Discuss with investment adviser & managers the processes for undertaking the measurement of the selected non-emissions metric.</p>
Targets	<ul style="list-style-type: none"> At least annually, set one target to manage climate relate risk with respect to the chosen metrics and measure performance against this target at least quarterly. 	<p>Once metric has been selected (above) are target. NB targets are not legally binding and can be altered.</p>
Additional Area to be reflected in Private Sector Regulations		
Knowledge & Undertaking	<p>K&U requirements to include (1) the principles relating to the identification, assessment and management of risks arising to occupational pension schemes from the effects of climate change, including steps taken because of climate change (whether by governments or otherwise); and (2) the principles relating to the identification, assessment and management of opportunities relating to climate change for such schemes.</p>	<p>To be incorporated into training plans.</p>

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Pension Fund Committee

24 February 2021

Title	Transition and remediation Costs
Report of	Director of Finance
Wards	n/a
Status	Public
Urgent	No
Key	No
Enclosures	None.
Officer Contact Details	George Bruce, Head of Pensions George.bruce@barnet.gov.uk - 0208 359 7126
Summary	
At the request of the Committee, this report considers administration costs incurred during the change of administrator and as a consequence of poor administration processes.	
Officer Recommendations	
That the Pension Fund Committee note the report.	

1. WHY THIS REPORT IS NEEDED

- 1.1 At the October meeting, the Committee requested that a report be submitted in regard to the financial arrangements relating to the termination of the Capita contract for pension administration and that the report includes reference to costs incurred by the pension fund due to poor performance by the administrator. This report discusses administration costs incurred by the pension fund since the Council assumed full oversight of pension administration services on 1 April 2019. This paper considers:

Administration Charges from Capita
Fees to external parties
Compensation to scheme members
Additional in-house staffing costs
Overpayments of benefits that are not recovered from scheme members

Administration Charges

- 1.2 The Pension fund has been charged via the Council with the cost of the administration service which comprises 'day-to-day' administration and any additional projects agreed. The cost recharged for day to day administration in the last completed year was £474,000. This is calculated on the basis of the number of scheme members with an annual inflation adjustment. We are still awaiting details of the day-to-day administration costs in the seven months up to the transition date, 31 October 2020 (and contribution collection to 31 January 2021) and this will be on the same per member basis. Capita have not charged for supporting the transition to West Yorkshire Pension Fund (WYPF).
- 1.3 The provision of administration services is via a contract between Capita and the Council. In terminating that contract early no charge has been levied on the pension fund. It was agreed that Capita would provide post transition support for three months to 31 January 2021, mainly to provide WYPF with explanations of information held on members records. This support is due to be billed based on time expended at agreed hourly rates. There is no indication that any charges will be levied for this service.
- 1.4 In addition to day-to-day administration costs, additional projects charged since 1 April 2020 comprise:
- £14,391 - LBB's 50% share of the additional staff costs for data remediation.
£2,403 – automated message notifying callers of change of administrator.
- 1.5 Administration charges in future from WYPF will be based on the costs of their administration services allocated proportionally to membership across all their clients. Costs for the first year are projected to be a little lower than charges incurred previously. West Yorkshire charged £20,000 for work incurred in the pre-31 October 2020 transition of data. Looking forward, WYPF will not be raising any additional fees for correcting the data gaps as part of a new data improvement plan.

Non-administrator fee costs incurred by the Pension Scheme

- 1.6 External adviser fees were incurred as a consequence of the failure to issue the majority of pension saving statements (PSS) due to scheme members from 2014. Ensuring that members were not disadvantaged through their obligation to meet tax liabilities due to exceeding their annual pension allowance involved significant external costs in checking PSS, reviewing the financial implications of the options available to members and settling charges from Independent Financial Advisors appointed by the impacted staff. All of these costs are recoverable by the pension scheme and reimbursement is expected before the 31 March 2021. No other external advisory fees have been incurred.

Compensation to Scheme Members

- 1.7 Scheme members who have suffered as a consequence of the PSS issue due to loss of pension expectation or having taken action on the basis of erroneous annual benefit statements may be offered compensation for distress and inconvenience. These payments will not be made by or recharged to the pension fund. It is possible that claims for higher compensation may be submitted by scheme members to the Pensions Ombudsman and any awards will not be a cost to the pension fund.

Additional In-house Pension Staff Costs

- 1.8 The monitoring of the pension fund moved from Capita to LBB Finance team from 1 April 2019. Initially this comprised three staff shared between Pension, Treasury and Banking. Following a restructure from March 2020 and new recruitments the Pension only team now comprises five staff, two of which are interims / fixed term contracts. The three permanent staff (Head of Pensions, Pension Fund Manager and Pensions Accountant) are the minimum required to deal with pensions in a stable environment, with a fourth likely to be retained to assist with data improvement leading up to the 2022 actuarial valuation
- 1.9 The two members recruited during 2019 on an interim basis were to manage the actions promised to the Pension Regulator around data quality and failures to issue annual benefit statements, to support the Actuary to complete the 2019 triennial valuation and also subsequently to review the options for the provision of administration services, manage the transition to WYPF and coordinate the resolution of PSS issues. Costs incurred on interim staff in this period is £279,000 which has been paid by the Pension Fund. The two interim staff were engaged in a decision by the council to improve the data quality rapidly, engage with TPR and scope the provision of the administration service through a local government specialist provider. Therefore, it has been concluded that these costs are properly incurred by the Pension Fund and justified by the benefits that will accrued from a change in administrator.

Excess Benefits Paid to Scheme Members

- 1.10 It's not uncommon for benefits to be overpaid due either to late or incorrect information from employers and scheme members that is unconnected to administrator error. However the administrator is expected to make reasonable efforts to recover the overpayments, although this can be difficult, especially for late notified deaths. Overpayments due to errors in calculations by the administrator when they had all the relevant information are normally

recoverable from the administrator. At present we are in discussion with Capita in respect of four recent overpayments totalling £112,000 due to errors in benefit calculations. Capita, reasonably, are insisting that every effort is made to recover from scheme members. Our ability to do so has been referred to Legal. It would not be a surprise if attempts to recover resulted in complaints to the Pensions Ombudsman. We have notified Capita that should the members not repay the overpayments, we expect Capita to do so.

- 1.11 When LBB Finance commenced monitoring debts due by employers (strain costs) or scheme members (overpayments) there was an outstanding balance of £2.1 million as at 31 March 2019, of which £600,000 was more than one year old. Most of these debts have been recovered, some by instalments or payment is imminent. Those that were not recoverable due mainly to a lack of information to support the debt or delays in contacting members concerning the overpayment were valued at £176,000. The actuarial valuation process ensures that written off strain costs or unrecovered overpayments are reflected in the funding position of the relevant employer.

In Summary

- 1.12 The Scheme has incurred additional cost in changing administrator, which will always be a feature of appointing a new administrator regardless of the reason for the decision to change. The Pension team remain confident that this will provide a long-term benefit to scheme members and employers.

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

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London Borough of Barnet

Pension Fund Committee Work Programme

February 2021 – February 2022

Title of Report	Overview of decision	Report Of (<i>officer</i>)	Issue Type (Non- key/Key/Urgent)
4 May 2021			
Quarterly investment report to 31 March 2021	Review the performance of the fund and investment managers.	Chief Financial Officer	Non-Key
Investment strategy & manager appointments	To consider pooling opportunities with the London CIV.	Chief Financial Officer	Non-Key
External Audit plans	To comment on the work programme of the external auditors for the 2020-21 accounts.	Chief Financial Officer	Non-Key
Admission Agreement and Bonds	To provide an update on admissions, cessations and bond renewals.	Chief Financial Officer	Non-key
Administration report	To update the Committee on the performance of the Pension Administrator.	Chief Financial Officer	Non-key
Scheme Expenses	To report on scheme costs and expenses		
Review of Pension Fund Risk Register	To review the management of pension fund risks.	Chief Financial Officer	Non-Key
Annual review of the performance of advisors	Provide feedback to advisers on their performance.	Chief Financial Officer	Non-key
26 July 2021			
Quarterly investment report to 30 June 2021	Review the performance of the fund and investment managers.	Chief Financial Officer	Non-Key
Strategy Update	To review progress on investment strategy decisions.	Chief Financial Officer	Non-Key

Subject	Decision requested	Report Of	Issue Type (Non-key/Key/Urgent)
Admission Agreement and Bonds	To provide an update on admissions, cessations and bond renewals.	Chief Financial Officer	Non-key
Administration report	To update the Committee on the performance and plans for the administration service.	Chief Financial Officer	Non-key
LCIV update	To note developments in pooling and to review Barnet's pooling plan.	Chief Financial Officer	Non-Key
Annual report on scheme costs	To report on scheme costs and expenses year to 31 March 2021	Chief Financial Officer	Non-key
Annual accounts for the year to 31st March 2021.	To approve the Pension Funds Annual Accounts.	Chief Financial Officer	Non-key
28 October 2021			
Auditors report on annual accounts	To note the auditor's report on the 2020-21 annual accounts	Chief Financial Officer	Non-key
Quarterly investment report to 30 September 2021	Review the performance of the fund and investment managers.	Chief Financial Officer	Non-key
Strategy and manager appointment updates	To review progress on agreed strategy changes and fund manager appointments.	Chief Financial Officer	Non-key
Admission Agreement and Bonds	To provide an update on admissions, cessations and bond renewals.	Chief Financial Officer	Non-key
Annual Benefit Statement	Update on issue of 2020 ABS.	Chief Financial Officer	Non-key
Administration report	To update the Committee on the performance of the administration service, including issue of ABS.	Chief Financial Officer	Non-key

Subject	Decision requested	Report Of	Issue Type (Non-key/Key/Urgent)
Review of scheme expenses	To review the scheme costs incurred in the six months to 30 September 2020.	Chief Financial Officer	Non-key
Annual review of the performance of advisors	Provide feedback to advisers on their performance.	Chief Financial Officer	Non-key
14 December 2021 [Review whether this meeting is required]			
Investment report to November 2021	Review the performance of the fund and investment managers.	Chief Financial Officer	Non-key
Admission Agreement and Bonds	To provide an update on admissions, cessations and bond renewals.	Chief Financial Officer	Non-key
Administration report	To update the Committee on the performance of the Pension Administrator.	Chief Financial Officer	Non-key
Review of Pension Fund Risk Register	To review the management of pension fund risks.	Chief Financial Officer	Non-key
23 February 2022			
LCIV update	To note developments in pooling and to review Barnet's pooling plan.	Chief Financial Officer	Non-key
Investment report to 31 December 2021	Review the performance of the fund and investment managers.	Chief Financial Officer	Non-key
Administration report	To update the Committee on the performance and plans for the administration service.	Chief Financial Officer	Non-key
Annual report of the Local Pension Board	Consider any recommendations from the Local Pension Board, comment on their workplan and approve their budget.	Chief Financial Officer	Non-key
Admission Agreement and Bonds	To provide an update on admissions, cessations and bond renewals.	Chief Financial Officer	Non-key