

Decisions of the Pension Fund Committee

31 January 2023

Cllr Anne Hutton (Chair)

Cllr Andreas Ioannidis (Vice-Chair)

Zahra Beg

Simon Radford

Richard Barnes (substituting for Cllr Danny Rich)

Mark Shooter

Michael Mire

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

RESOLVED that the minutes of the meeting held on 10 November 2022 be agreed as a correct record.

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

The Pension Fund Committee noted the apologies for absence from Councillor Elliot Simberg and Councillor Danny Rich who was substituted by Councillor Richard Barnes.

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

Councillor Michael Mire made a declaration, he noted that his wife worked at a school that was noted within item 9. Councillor Mire took part in the consideration and determination of the item.

Councillor Simon Radford made a declaration, he noted that he was a Governor at a school that was noted within item 9. Councillor Radford took part in the consideration and determination of the item.

Councillor Andreas Ioannidis made a declaration, he noted that he was an employee of Middlesex University and so a member of the Middlesex Pension Scheme (which is a separate pension scheme not linked to the Barnet Pension Fund). Councillor Ioannidis took part in the consideration and determination of the item.

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. CASH MANAGEMENT (Agenda Item 7):

The Head of Pensions and Treasury introduced the report. He noted that the Fund did not currently have a strategy to deal with high cash balances and this means that the council's pension fund is not maximising the risk adjusted returns for the funds we hold. He therefore requested that the Committee consider the report and its recommendations.

Representatives from Hymans Robertson were in attendance to provide a verbal update.

Members welcomed the report and gave thanks to Hymans Robertson for their work. Having considered the report the Pension Fund Committee:

Resolved:

- Agreed to the proposed amendment to the Fund's Investment Strategy Statement (set out in Appendix A) to include protocols for managing high cash balances –
- Agreed to the appointment of Trade Finance managers, Allianz and Pemberton, to allow Officers to deliver the cash management strategy, as recommended by our Investment Consultants, Hymans Robertson0
- That the exempt information be noted.

8. OFFICER DELEGATION PROPOSAL (Agenda Item 8):

The Finance Manager introduced the report. He noted that the report marked a recommendation to improve overall Governance of the Fund's investment management processes by codifying delegation protocols in certain defined situations.

Having considered the report the Pension Fund Committee:

Resolved:

- Agreed delegation protocols for the Executive Director of Strategy and Resources to, in consultation with the Chair, re-balance the Pension Fund assets according to the strategic allocation set by the Pension Fund Committee
- Agreed delegation protocols for the Executive Director of Strategy and Resources to be able to take action in an urgent situation, in consultation with the Chair. Members agreed the delegation protocols as summarised under 2.3.1 of the report

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

The Pension Manager introduced the report. He provided a status update on the outstanding admitted body and bond agreements/renewals, as well as cessations from the Fund.

Having considered the report the Pension Fund Committee:

Resolved:

- That the Pension Fund Committee noted the progress on outstanding admitted body and bond agreements/renewals and cessation valuations.
- That the Pension Fund Committee approved the admission into the Fund of Capita Shared Services Limited and Chequers Cleaning) as detailed in paragraph 1.3.
- That the Pension Fund Committee approved the decision by the LBB Pensions Team in relation to the exit credit payment for Caterlink (Queen Elizabeth Girls School)) as detailed in paragraph 1.12.

10. EXTERNAL AUDIT UPDATE (Agenda Item 10):

The Assistant Finance Manager introduced the report. Executive Director of Strategy and Resources (S151 officer) provide a full update on the position of the Council's external accounts.

Having considered the report the Pension Fund Committee:

Resolved:

That the Pension Fund Committee noted the update on the 2020/21 audit, and the plan for the 2021/22 audit, and to identify matters that the Committee wish to bring to the attention of the auditor.

11. INVESTMENT STRATEGY AND MANAGER APPOINTMENTS (Agenda Item 11):

The Assistant Finance Manager introduced the report. He provided a summary of the investment transactions made in 2022, and an overview of the planned investment transactions in 2023. He therefore requested that the Committee consider the report and its recommendations.

The Chair requested that the Committee receive further information on how the Committee can invest 5% locally and this be incorporated within the investment strategy. Hymans Robertson noted that the regulations are not clear on this matter at this time. It was further noted that the term local was understood to mean "within the UK" rather than within the immediate vicinity of a pension fund. Hymans Robertson guided that the Committee should receive the regulations on this matter when they are published.

The Head of Pensions and Treasury noted that the Fund would be undertaking a full strategic review to determine the overarching strategic allocation. Once this was

complete more consideration could be given to the specific funds that may be utilised to deliver the strategic allocation.

Having considered the report the Pension Fund Committee:

Resolved:

- The Pension Fund Committee noted the investment transactions that occurred in 2022, and the planned transactions for 2023.
- The Pension Fund Committee agreed to delegate the signing of the MiFid Opt[1]Up form to the Head of Pensions, in order to allow Officers to implement transactions through London CIV.

12. KNOWLEDGE AND UNDERSTANDING (Agenda Item 12):

The Committee received the report.

Having considered the report the Pension Fund Committee:

Resolved:

The Pension Fund Committee noted the report.

13. PENSION FUND INVESTMENT PERFORMANCE (Agenda Item 13):

The Assistant Finance Manager introduced the report. Members received an update on investment valuations, transactions and performance in the 6 months to 31 December 2022 with an updated estimated valuation to 31 December 2022.

The Committee raised concerns with some of the performance of the fund managers. Specifically, it was noted that the Fund's investments with Adam Street had fallen materially (c40%) over the period 1 July 2022 to 30 September 2022. In questioning, Hymans Robertson noted that the specific fund in question was only partially drawn and large swings in returns were likely to be as a result of this (as well as some rebasing undertaken by the manager). The Committee asked for further comment on this to be fed back to the Committee at the next meeting.

Having considered the report the Pension Fund Committee:

Resolved:

Having considered the report the Pension Fund Committee:

Resolved:

- That the Pension Fund Committee noted the investment activities and performance of the Pension Fund for the quarter to 31 December 2022.
- That the exempt information be noted.
- That further information on the Adam Street investments be provided at the next meeting.

14. POLICIES AND PROCEDURES REPORT (Agenda Item 14):

The Committee received the report.

Having considered the report the Pension Fund Committee:

Resolved:

The Pension Fund Committee noted the report.

15. DEVELOPING THE FUND'S RESPONSIBLE INVESTMENT STRATEGY - UPDATE (Agenda Item 15):

The Chair thanked the Head of Pensions and Treasury for the recent training day. She noted that it was excellent. The Head of Pensions and Treasury provided Members with an update on matters relating to Responsible Investing ("RI") with a view to further progressing the Fund's strategy in this area.

The Committee welcomed the report and endorsed the principles around setting a Net Zero policy as set out in the report.

Having considered the report the Pension Fund Committee:

Resolved:

That the draft principles for developing a framework for working towards a Net Zero investment strategy (as set out in the report under paragraph 1.18) be agreed.

16. VALUATION UPDATE (Agenda Item 16):

The Head of Pensions and Treasury introduced the report. The Chair invited the Fund Actuary to make a verbal update. He set out final proposals for the approach we will be adopted for the 31 March 2022 valuation and indicative contribution rates for employers.

The funding position of the Pension Fund and rate of contributions paid by employers is assessed every three years by the Fund Actuary.

Having considered the report the Pension Fund Committee:

Resolved:

- That the Committee agreed to the modify the approach for certain employers to a two-stage test (as explained in Appendix A) to maintain stability of funding contributions.

17. ADMINISTRATION AND DATA UPDATE REPORT (Agenda Item 17):

The Committee received the report

Having considered the report the Pension Fund Committee:

Resolved:

The Pension Fund Committee noted the current performance levels and updates on the data improvement plan and historical leaver exercise.

18. PENSIONS FUND COMMITTEE WORK PROGRAMME (Agenda Item 18):

The Pension Fund Committee noted the work programme.

19. ANY ITEM(S) THAT THE CHAIRMAN DECIDES IS URGENT (Agenda Item 21):

None.

The meeting finished at 20:43