

MEETING

PENSION FUND COMMITTEE

DATE AND TIME

MONDAY 31ST OCTOBER, 2016

AT 7.00 PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4AX

TO: MEMBERS OF PENSION FUND COMMITTEE (Quorum 3)

Chairman: Councillor Mark Shooter
Vice Chairman: Councillor John Marshall MA (Hons)

Councillors

Rohit Grover	Andreas Ioannidis	Peter Zinkin
Arjun Mittra	Jim Tierney	

Substitute Members

Pauline Coakley Webb	Dean Cohen	Anthony Finn
Adam Langleben	Stephen Sowerby	Ross Houston

In line with the Constitution's Public Participation and Engagement Rules, requests to submit public questions or comments must be submitted by 10AM on the third working day before the date of the committee meeting. Therefore, the deadline for this meeting is Wednesday 26 October at 10AM. Requests must be submitted to Maria Lugangira at (maria.lugangira@barnet.gov.uk 020 8359 2761)

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

Andrew Charlwood – Head of Governance

Governance Service contact: Maria Lugangira. 020 8359 2761

Media Relations contact: Sue Cocker 020 8359 7039

ASSURANCE GROUP

ORDER OF BUSINESS

Item No	Title of Report	Pages
1.	Minutes	3 - 5
2.	Absence of Members	
3.	Disclosable Pecuniary interests and Non Pecuniary interests	
4.	Public Question and Comments (if any)	
5.	Report of the Monitoring Officer (if any)	
6.	Members' Items (if any)	
7.	Barnet Council Pension Fund Performance for Quarter April to June 2016	7 - 29
8.	Pension Board Budget 2016-17	31 - 39
9.	Annual Report of the Local Pension Board	41 - 69
10.	Update on Admitted Body Organisations	71 - 82
11.	Training Policy and Knowledge Understanding and Skills Framework	83 - 93
12.	Pension Fund Committee Forward Work Programme	95 - 101
13.	Any item(s) that the Chairman decides is urgent	

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Decisions of the Pension Fund Committee

13 September 2016

AGENDA ITEM 1

Members Present:-

Cllr Mark Shooter (Chairman)

Cllr John Marshall (Vice-Chairman)

Cllr Rohit Grover

Cllr Arjun Mitra

Cllr Jim Tierney

Apologies received:

Cllr Peter Zinkin

Cllr Andreas Ioannidis

1. MINUTES (Agenda Item 1):

The Chairman of the Pension Fund Committee, Councillor Mark Shooter welcomed all attendants to the meeting.

RESOLVED that the minutes of the Pension Fund Committee on 19 July 2016 be agreed as a correct record.

2. ABSENCE OF MEMBERS (Agenda Item 2):

Apologies were received from Councillor Andreas Ioannidis and Councillor Peter Zinkin.

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

The following declarations were declared:

Member	Agenda Item(s)	Interests Declared
Councillor Mark Shooter	7 and 8	Non Disclosable Pecuniary Interest by virtue of being beneficiary of LGP Scheme and having shareholdings in a number of companies that the fund had invested in.
Councillor Arjun Mitra	7 and 8	Non Disclosable Pecuniary Interest by virtue of being beneficiary of LGP Scheme and having shareholdings in a number of companies that the fund had invested in.

Councillor John Marshall	7 and 8	Non Disclosable Pecuniary Interest by virtue of being beneficiary of LGP Scheme and having shareholdings in a number of companies that the fund had invested in.
Councillor Rohit Grover	7 and 8	Non Disclosable Pecuniary Interest by virtue of being beneficiary of LGP Scheme and having shareholdings in a number of companies that the fund had invested in.

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

None were received.

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

None.

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

None.

7. PENSION FUND ANNUAL REPORT AND EXTERNAL AUDITOR'S REPORT UNDER INTERNATIONAL STANDARD ON AUDITING (ISA) 260 FOR THE YEAR 2015/16 (Agenda Item 7):

The Chairman welcomed the external auditor, Leigh Lloyd-Thomas of BDO. The Committee received a presentation on the Annual Report and Statement of Accounts and the external auditor's Report under International Standard on Auditing (ISA) 260 for 2015/16.

The Committee noted the presentation and the information included in the report and appendices.

A request was made by the Committee to include an item on the Forward Work Programme for March 2017 about the effects Brexit has had on the performance of the Pension Fund. **(Action)**

It was RESOLVED:

- 1. That the Committee approved the Annual Report and Pension Fund Accounts 2015/16.**

2. That the Committee considered and commented that there are no areas on which they require information or action.

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

The Assistant Director of Finance, Gillian Clelland introduced the report which provides the Committee with an update since its last meeting on admitted bodies participating in the Local Government Pension Scheme administered by the London Borough of Barnet (LBOB).

RESOLVED:

That the Pension Fund Committee noted the update to the issues in respect of admitted body organisations within the Pension Fund, as detailed in Appendix 1.

9. ANY ITEM(S) THAT THE CHAIRMAN DECIDES IS URGENT (Agenda Item 9):

There were none.

The meeting finished at 7.33 pm

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	<p>Pension Fund Committee</p> <p>31 October 2016</p>
<p style="text-align: right;">Title</p>	<p>Barnet Council Pension Fund Performance for Quarter April to June 2016</p>
<p style="text-align: right;">Report of</p>	<p>Chief Executive Officer/Section 151 Officer</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix A – Pension Fund Market Value of Investments as at 30 June 2016 Appendix B – Hymans Robinson Performance Report to 30 June 2016 Appendix - C Asset Allocation to 30 September 2016 (<i>to follow</i>)</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Iain Millar, Head of Treasury Services Iain.Millar@barnet.gov.uk - 0208 359 7126</p>

<p>Summary</p>
<p>This report summarises the Pension Fund investment managers performance for the April to June quarter 2016, based on the performance monitoring report provided by Hymans Robertson. An update on fund performance to 30th September 2016 will be tabled at the Committee meeting</p>

<p>Recommendations</p>
<p>1. That having considered the performance of the Pension Fund for the quarter to 30 June 2016, the Committee instruct the Chief Executive Officer (Interim) and Chief Finance Officer to address any issues that it considers necessary.</p>

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.

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 Executive Officer and Chief Finance 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 in order to achieve the required funding level. Effective monitoring of the Pension Fund will ensure that long investment targeted returns are achieved and will provide support towards the Council's corporate priorities (2015-2020).

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

- 5.2.1 The Pension Fund appointed 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 extreme market volatility experienced in June 2016. The Scheme benchmark is a liability driven benchmark and is dependent on the movement in gilt yields
- 5.2.2 On 22 October 2015, (Item 11), Pension Fund Committee reviewed and revised the pension fund asset allocation. It agreed to adopt an investment strategy

based on 36% overseas equity, 21.5% diversified growth, 12% corporate bonds, 0.5% cash; 20% 'multi asset credit; and 10% illiquid alternatives. Pension Fund Committee agreed to fund the asset re-allocation by reducing the weighted allocation in diversified growth funds and corporate bonds .This included selling the Newton Corporate Bond fund to re-invest in the Schroder Strategic Bond Fund.

5.2.3 On 15 March 2016, the Pension Fund Committee considered proposals for allocating funds to illiquid credit and multi asset liquid credit. The Committee resolved to make an allocation of 8% of the fund to illiquid credit strategies through investing with new fund managers, 4% to Partnership Group and 4% to Alcentra. The Committee also agreed an allocation of 7% to multi-asset credit strategies through investing 3.5% with Babson Capital and 3.5% with Alcentra. Officers were instructed to implement the re-allocation.. All of the May 2016 funding target dates with the new credit managers were met. The asset re-allocation was met from the sale of Corporate Bonds. The total market value of the fund as at 30 September 2016 will be confirmed at the meeting.

5.2.4 The total market value of externally managed investments rose by £36 million over the quarter from £901 million to £937 million. The graph in Appendix A shows how the market value of the fund has grown since 2008. There has been significant market volatility in recent weeks and the total market value of the fund as at 30 September 2016 was £978.0 million. (To be confirmed at meeting)

5.2.5 **Performance Summary:** Over the quarter, at a total scheme level, the Fund's externally managed investments returned 3.8% (gross of fees), outperforming the combined benchmark for the period by 0.7%. See performance summary page 6, of the attached Hymans Robertson draft performance for Quarter 2, 2016. All mandates outperformed their respective benchmarks in the quarter with the exception of Babson, (now known as Barings following the parent company merging its four asset management businesses under the Barings branding) multi-credit fund.

5.2.6 The Performance fees are shown gross.

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 This report is based on the provisions of Regulation 10 Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 made under the powers conferred by section 7 and Schedule 3 of the Superannuation Act 1972.

5.4.2 Constitution- Under Part 15, Annex A Responsibility for Functions one of the

terms of reference 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 in general and investment performance benchmarks and targets in particular.'

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.

5.5.2 Risks around safeguarding of pension fund assets are highlighted in the current economic climate following the Brexit decision in the UK. Fund managers need to have due regard to longer term investment success, in the context of significant market volatility. A report on the impact to date of the Brexit decision will be reported to the March meeting of Pension Fund Committee.

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.

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 managers will benefit everyone who contributes to the fund.

5.7 Consultation and Engagement

5.7.1 Not applicable

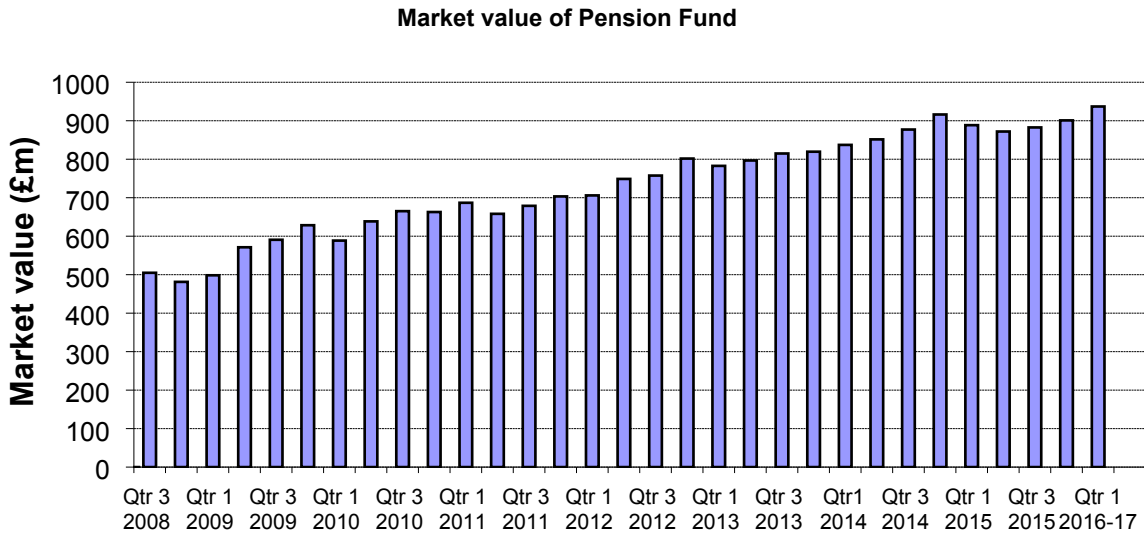
5.8 Insight

5.8.1 Not applicable

6. BACKGROUND PAPERS

6.1 None

Appendix A – Pension Fund Market Value of Investments as at 30 June 2016.



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London Borough of Barnet Pension Fund

Review of Investment Managers' Performance for the Second Quarter of 2016



Prepared By:

Andrew Elliott - Senior Investment Consultant
Phil Spencer - Associate Investment Consultant
Mufaddal Jamali – Investment Analyst

For and on behalf of Hymans Robertson LLP
October 2016

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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.

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Executive Summary

Market Summary

Economic data and business surveys suggested that global growth held up reasonably well in Q2. Oil prices continued to rebound from the lows of December 2015, with Brent Crude rising \$10 over the quarter to finish June at just under \$50 a barrel. However, the economic outlook was clouded by the UK's surprise vote to "Leave" the EU. The immediate response of forecasters was to revise down GDP growth expectations, particularly in the UK, where the consensus forecasts suggest next to no growth next year. The most significant market response to the vote was a collapse in sterling, which fell almost 10% in trade-weighted terms in two days.

In response, Governor Carney of the Bank of England shares the market's gloom about the short-term economic outlook for the UK and suggested that interest rates would be cut over the summer. Following the quarter end the BoE cut UK interest rates to 0.25%. Elsewhere, major central banks held firm on their monetary policies over the quarter. In April the Federal Reserve voted to maintain interest rates at 0.5%, despite indicators suggesting an improving US labour market, while the Bank of Japan surprised markets by not adding to the current quantitative easing programme.

Global equity markets inched higher over the quarter, recovering quickly from an initial downturn after the referendum vote. In local currency terms the FTSE All-World Index rose 0.5%; the total return in sterling terms was 8.8%. In the UK, the relatively strong performance of the FTSE All Share reflected the substantial proportion of earnings that are generated overseas among the leading companies.

Valuation and Performance Summary

Fund assets totalled c. £937m at the end of Q2 2016, an increase of c. £37m from the start of the quarter.

The Fund's assets returned 3.8% (gross of fees) over the quarter, outperforming the combined benchmark for the period by 0.8%.

All mandates, other than Barings' (formerly Babson) multi-credit fund and Newton's corporate bond mandate, posted modest to significant outperformance relative to their performance targets. Over the period from 31 December 2010 to 30 June 2016, the Fund has returned 5.9% p.a. (gross) underperforming the combined benchmark by 1.2% p.a. This is largely due to the Fund's absolute return mandates (most notably Schroders) and their underperformance versus their ambitious outperformance targets which can be difficult to achieve during volatile market conditions.

Manager Ratings Summary

Manager	Fund Name	Rating				
Legal & General	Equity index funds	Red	Orange	Yellow	Green	Dark Green
Newton	Real Return Fund	Red	Orange	Yellow	Green	Dark Green
Schroder	Diversified Growth Fund	Red	Orange	Yellow	Green	Dark Green
Schroder	ISF Strategic Bond Fund	Red	Orange	Yellow	Green	Dark Green
Schroder	All Maturities Corporate Bond Fund	Red	Orange	Yellow	Green	Dark Green
Partners Group	Multi-Asset Credit 2016 Fund	Red	Orange	Yellow	Green	Dark Green
Barings	Global High Yield Credit Strategies Fund	Red	Orange	Yellow	Green	Dark Green
Alcentra	European Direct Lending Fund II	Red	Orange	Yellow	Green	Dark Green
Alcentra	Global Multi-Credit Fund	Red	Orange	Yellow	Green	Dark Green

Actions and Recommendations

Over the second quarter of 2016, four new mandates were implemented as part of the Fund's move to its new long term investment strategy. This included the funding of two new multi-credit mandates, managed by Barings (formerly Babson) and Alcentra, and two new private debt mandates, managed by Alcentra and Partners Group. The funding of these mandates resulted in the termination of both Newton's and LGIM's corporate bond mandates.

The final stage in the move to the Fund's new long term strategic target is for the Committee to agree an additional 5% allocation to another illiquid alternative asset class. This is to be discussed further at the forthcoming meeting. Once this is completed, we would suggest a rebalancing process is formally agreed with appropriate rebalancing ranges for each of the Fund's asset classes.

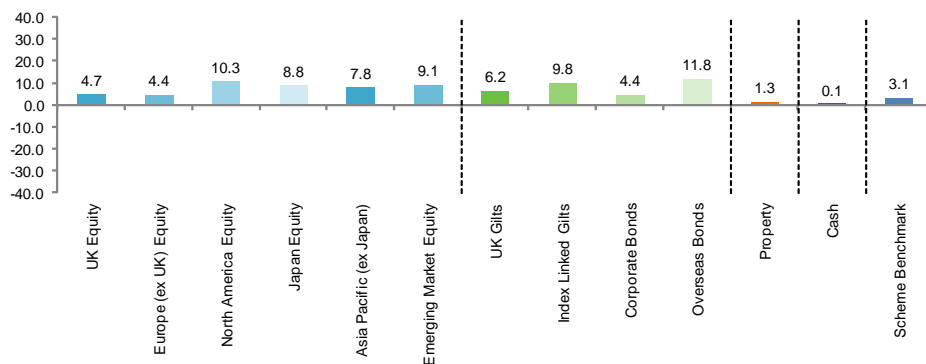
All of the Fund's investment managers are currently rated either a '4 –Retain' or '5 –Preferred strategy'. There were no significant changes over the quarter to warrant any changes in rating.



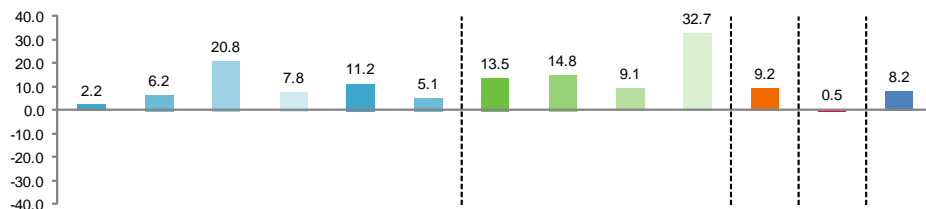
Historic Returns for World Markets to 30/06/2016

Historic Returns ^[1] [i]

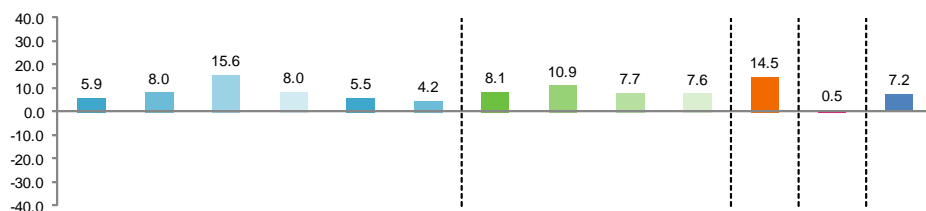
3 Months (%)



12 Months (%)



3 Years (% p.a.)



[1] All returns are in Sterling terms. Indices shown (from left to right) are as follows: Equities – FTSE All Share, FTSE AW Developed Europe ex-UK, FTSE North America, FTSE Japan, FTSE AW Developed Asia Pacific ex-Japan, S&P/IFCI Composite; Bonds – FTSE Fixed Gilts All Stocks, FTSE Index-Linked Gilts All Maturities, iBoxx Corporates All Investment Grade All Maturities, JP Morgan GBI Overseas Bonds; Property – IPD UK Monthly Property Index; Cash – UK Interbank 7 Day.

Source: [i] DataStream, Fund Manager, Investment Property Databank Limited

Market Comment

Economic data and business surveys suggested that global growth held up reasonably well in Q2. Oil prices continued to rebound from the lows of December 2015, with Brent Crude rising \$10 over the quarter to finish June at just under \$50 a barrel. However, the economic outlook was clouded by the UK's surprise vote to "Leave" the EU. The immediate response of forecasters was to revise down GDP growth expectations, particularly in the UK, where the consensus forecasts suggest next to no growth next year. The most significant market response to the vote was a collapse in sterling, which fell almost 10% in trade-weighted terms in two days.

In response, Governor Carney of the Bank of England shares the market's gloom about the short-term economic outlook for the UK and suggested that interest rates would be cut over the summer. Elsewhere, major central banks held firm on their monetary policies over the quarter. In April, the Federal Reserve voted to maintain interest rates at 0.5%, despite indicators suggesting an improving US labour market, and the Bank of Japan surprised markets by not adding to the current quantitative easing programme.

Global equity markets inched higher over the quarter, recovering quickly from an initial downturn after the referendum vote. In local currency terms the FTSE All-World Index rose 0.5%; the total return in sterling terms was 8.8%. In the UK, the relatively strong performance of the FTSE All Share reflected the substantial proportion of earnings that are generated overseas among the leading companies.

Key events during the quarter included:

- The "Leave" vote in the EU referendum and subsequent political fallout caught investors by surprise.
- Governor Carney hinted at possible cuts to UK interest rates over the summer.
- Oil prices continued to rebound from the lows of December 2015, with Brent Crude finishing June at almost \$50 a barrel.
- Precious metals continued their strong start to 2016, benefitting from the threat of interest rates staying "lower for longer" and wider global economic concerns.

Equities

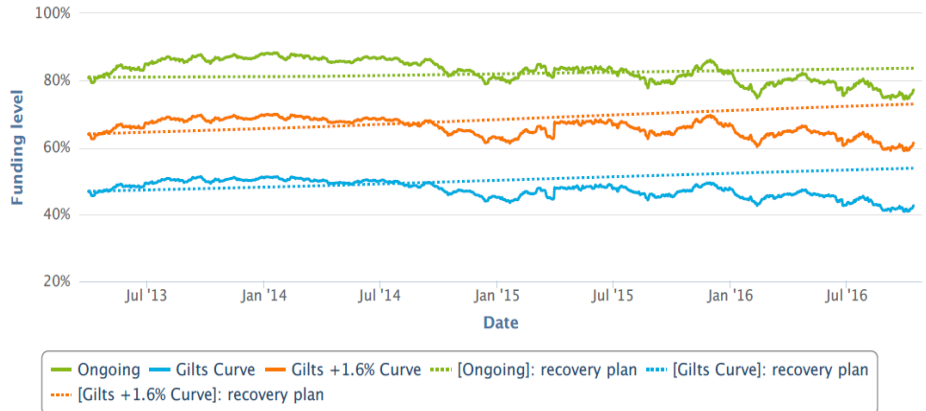
- The strongest sectors relative to the FTSE All World Index were Oil & Gas (+8.0%) and Healthcare (+4.8%); the weakest were Technology (-3.4%) and Financials (-2.7%).
- In local currency terms, the UK was the strongest performer during the quarter; while Japan was again the weakest.

Bonds and currencies

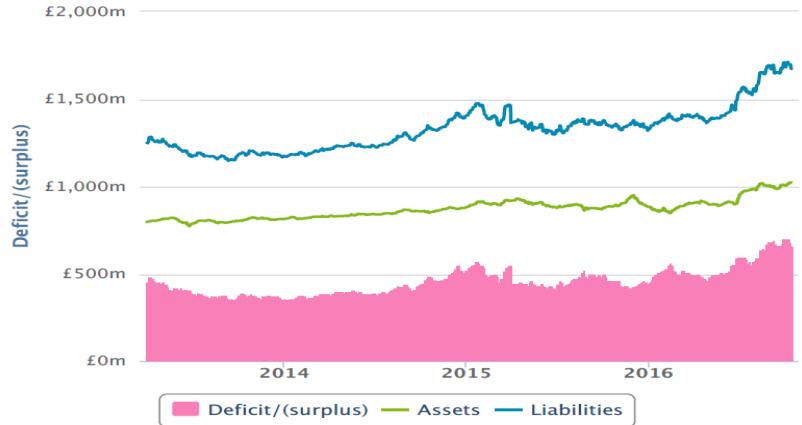
- UK gilts yields fell (prices rose) as demand for safe haven assets soared in the wake of the "Brexit" vote. US treasury and German Bund yields also fell, but lagged the rally in UK gilts.
- Sterling credit spreads widened a little over the quarter as an upward spike in the last week unwound earlier tightening.
- Sterling depreciated sharply in the week following the referendum after what had been a period of relative stability. The Yen was the strongest of the major currencies.

Funding update

Progression of funding level (on different bases)



Funding position (gilts + 1.6% p.a. basis)



Comments

We have estimated the progression of the Fund's funding position (on different bases) since the last actuarial valuation at 31 March 2013. The analysis is based on the 2013 actuarial valuation report and subsequent funding updates provided by the Fund's previous actuary, Barnett Waddingham. The liabilities have been "rolled forward" allowing for changes in gilt yields over time.

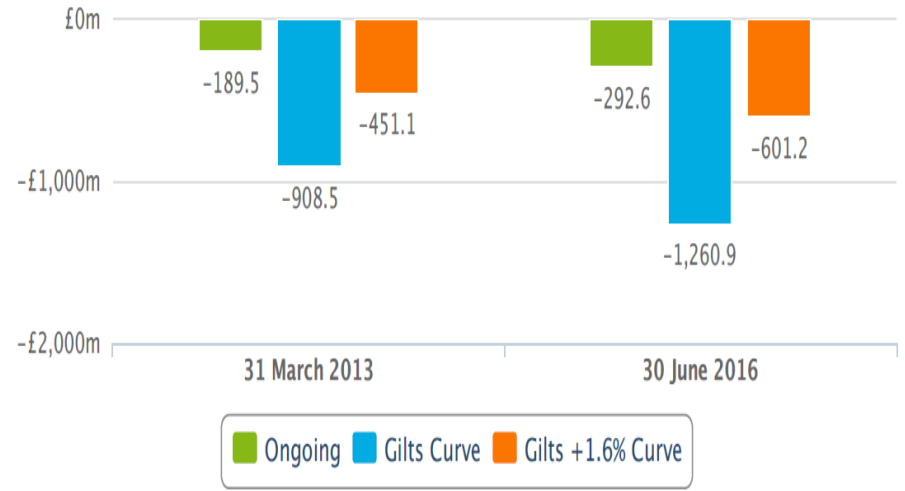
We estimate that since 31 March 2013 the Fund's funding level (on a gilts + 1.6% p.a. basis) has fallen from c. 64% to c. 61% as at 30 June 2016.

As at 30 June 2016, we estimate that the Fund's deficit on a gilts + 1.6% p.a. basis is around £600m, an increase of c. £150m since 31 March 2013.

Since the end of June 2016, we estimate the Fund's funding level (on a gilts + 1.6% p.a. basis) has remained broadly the same at around c. 61% (as at 13 October 2016).

Please note that the Fund's funding position estimated here will differ from that calculated by the previous Fund Actuary, Barnett Waddingham. This is due primarily to the roll forward of the Fund's liabilities and also due to differences in our assumptions used to calculate the funding level. This anomaly will disappear once the 2016 actuarial valuation has been agreed.

Surplus / deficit (on different bases)

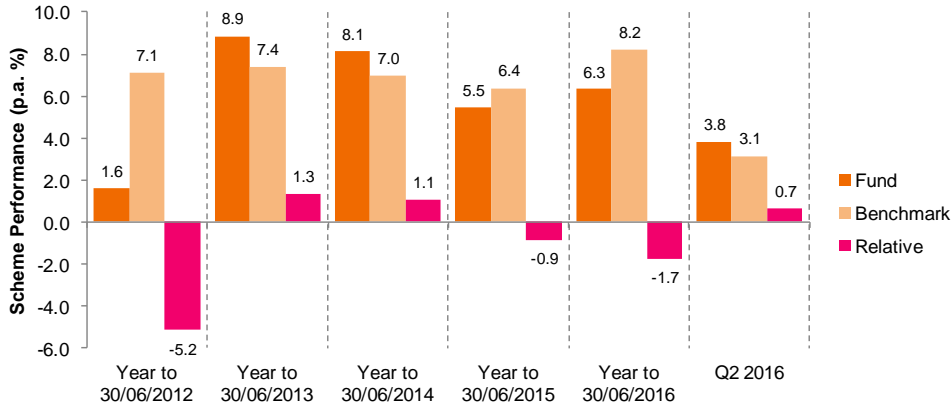


Fund Summary

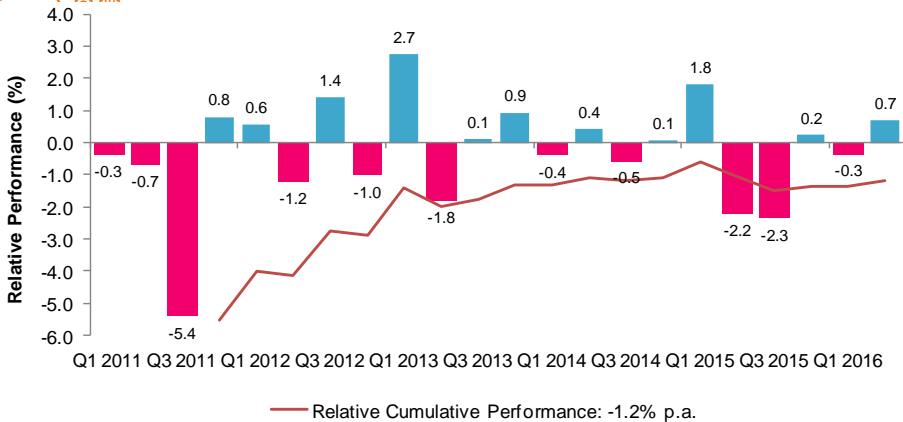
Valuation Summary ^{[1] [i]}

Asset Class	Values (£m)		Actual Proportion %	Target Proportion %	Difference %
	Q1 2016	Q2 2016			
Illiquid Credit	0.0	52.2	5.6	8.0	-2.4
Global Equity	342.4	359.9	38.4	36.0	2.4
Absolute Return Funds	261.2	271.0	28.9	27.0	1.9
Multi-Credit	89.5	146.4	15.7	17.0	-1.3
Corporate Bonds	207.7	107.6	11.5	12.0	-0.5
Total Client	900.9	937.0	100.0	100.0	

Performance Summary ^{[2] [iii]}



Relative Quarterly and Relative Cumulative Performance (Gross of Fees)



[1] Excludes operating cash held in Fund bank account., [2] Gross of fees, [3] Gross of fees

Source: [i] Fund Manager, [ii] DataStream, Fund Manager, Hymans Robertson, [iii] DataStream, Fund Manager, Hymans Robertson

Manager Summary

Manager Summary

Manager	Investment Style	Benchmark Description	Annual Fee (bps)	Rating *
LGIM Global Equity	Passive	FTSE World Net Tax (UKPN)	15	
Newton Real Return Fund	Active	1 month £ LIBOR + 4% p.a.	59	
Schroder Life Diversified Growth Fund	Active	RPI + 5% p.a.	60	
Alcentra Multi-Credit	Active	3 month £ LIBOR + 4% p.a.	50	
Barings Multi-Credit	Active	3 month £ LIBOR + 5% p.a.	53	
LGIM Active Corporate Bond All Stocks Fund	Active	Markit iBoxx GBP Non-Gilts (All Stocks)	20	
Newton Corporate Bond Fund	Active	Merrill Lynch Sterling (Over 10 years) Investment Grade Index	10	
Schroder All Maturities Corporate Bond Fund	Active	Merrill Lynch Sterling Non-Gilts All Stocks Index	18	
Schroder ISF Strategic Bond Fund	Active	3 month £ LIBOR + 2% p.a.	52	
Alcentra Direct Lending	Active	-	0	
Partners Group MAC 2016	Active	-	0	

* For information on our manager ratings, see individual manager pages

Key:- ? - Replace ? - On-Watch ? - Retain

Manager Valuations ^[1] [0]

Manager	Value (£m)		Actual Proportion %	Target Proportion %	Difference %
	Q1 2016	Q2 2016			
LGIM Global Equity	342.4	359.9	38.4	36.0	2.4
Newton Real Return Fund	130.4	136.7	14.6	13.5	1.1
Schroder Life Diversified Growth Fund	130.8	134.3	14.3	13.5	0.8
Alcentra Multi-Credit	0.0	30.1	3.2	3.5	-0.3
Barings Multi-Credit	0.0	25.9	2.8	3.5	-0.7
LGIM Active Corporate Bond All Stocks Fund	20.0	0.0	0.0	0.0	0.0
Newton Corporate Bond Fund	54.9	0.0	0.0	0.0	0.0
Schroder All Maturities Corporate Bond Fund	132.8	107.6	11.5	12.0	-0.5
Schroder ISF Strategic Bond Fund	89.5	90.4	9.6	10.0	-0.4
Alcentra Direct Lending	0.0	16.6	1.8	4.0	-2.2
Partners Group MAC 2016	0.0	35.6	3.8	4.0	-0.2
Total	900.9	937.0	100.0	100.0	0.0

[1] Excludes operating cash held in Fund bank account

Source: [1] Fund Manager, Hymans Robertson

Performance Summary (Gross of fees)

Performance Summary ^[1]

	LGIM Global Equity	Newton Real Return Fund	Schroder Life Diversified Growth Fund	Alcentra Multi-Credit	Barings Multi-Credit	LGIM Active Corporate Bond All Stocks Fund	Newton Corporate Bond Fund	Schroder All Maturities Corporate Bond Fund	Schroder ISF Strategic Bond Fund	Total Fund	
3 Months (%)	Absolute	5.1	4.9	2.7	0.5	-0.5	0.1	-1.0	4.7	1.0	3.8
	Benchmark	5.1	1.1	2.0	0.4	1.3	0.2	-0.2	4.1	0.4	2.9
	Relative	0.0	3.8	0.7	0.2	-1.8	-0.1	-0.8	0.6	0.6	0.8
12 Months (%)	Absolute	6.1	9.8	-0.2	N/A	N/A	4.7	4.6	9.2	N/A	6.3
	Benchmark	6.1	4.6	6.5	N/A	N/A	4.8	5.9	8.9	N/A	8.0
	Relative	0.0	5.0	-6.2	N/A	N/A	-0.1	-1.2	0.3	N/A	-1.6
3 Years (% p.a.)	Absolute	8.8	6.0	5.1	N/A	N/A	6.2	7.1	7.9	N/A	6.6
	Benchmark	8.8	4.5	6.8	N/A	N/A	6.0	7.7	7.4	N/A	7.1
	Relative	0.1	1.4	-1.6	N/A	N/A	0.2	-0.6	0.5	N/A	-0.5
Since Inception (% p.a.)	Absolute	8.5	4.8	4.3	0.5	-0.5	7.1	8.2	7.5	-0.1	5.9
	Benchmark	8.4	4.6	7.5	0.4	1.3	6.6	8.4	7.5	1.3	7.2
	Relative	0.0	0.2	-2.9	0.2	-1.8	0.5	-0.2	0.0	-1.4	-1.2

[1] Since inception performance includes historic returns generated by managers that are no longer held by the Fund. Please note 3 month performance for the Alcentra and Barings multi-credit mandates is from 3 May and 10 June, respectively.

Source: DataStream, Fund Manager

Performance Summary (Net of fees)

Performance Summary ^[1]

	LGIM Global Equity	Newton Real Return Fund	Schroder Life Diversified Growth Fund	Alcentra Multi-Credit	Barings Multi-Credit	LGIM Active Corporate Bond All Stocks Fund	Newton Corporate Bond Fund	Schroder All Maturities Corporate Bond Fund	Schroder ISF Strategic Bond Fund	Total Fund	
3 Months (%)	Absolute	5.1	4.8	2.5	0.5	-0.6	0.0	-1.0	4.7	0.9	3.7
	Benchmark	5.1	1.1	2.0	0.4	1.3	0.2	-0.2	4.1	0.4	2.9
	Relative	0.0	3.7	0.6	0.1	-1.8	-0.2	-0.8	0.5	0.5	0.7
12 Months (%)	Absolute	6.0	9.1	-0.8	N/A	N/A	4.5	4.5	9.0	N/A	5.9
	Benchmark	6.1	4.6	6.5	N/A	N/A	4.8	5.9	8.9	N/A	8.0
	Relative	-0.1	4.4	-6.8	N/A	N/A	-0.2	-1.3	0.1	N/A	-2.0
3 Years (% p.a.)	Absolute	8.7	5.4	4.5	N/A	N/A	6.0	7.0	7.7	N/A	6.2
	Benchmark	8.8	4.5	6.8	N/A	N/A	6.0	7.7	7.4	N/A	7.1
	Relative	-0.1	0.8	-2.2	N/A	N/A	0.0	-0.7	0.3	N/A	-0.9
Since Inception (% p.a.)	Absolute	8.3	4.2	3.7	0.5	-0.6	6.9	8.1	7.3	-0.4	5.5
	Benchmark	8.4	4.6	7.5	0.4	1.3	6.6	8.4	7.5	1.3	7.2
	Relative	-0.1	-0.3	-3.5	0.1	-1.8	0.3	-0.3	-0.1	-1.7	-1.6

[1] Since inception performance includes historic returns generated by managers that are no longer held by the Fund. Please note 3 month performance for the Alcentra and Barings multi-credit mandates is from 3 May and 30 June, respectively.

Source:  DataStream, Fund Manager

LGIM Global Equity

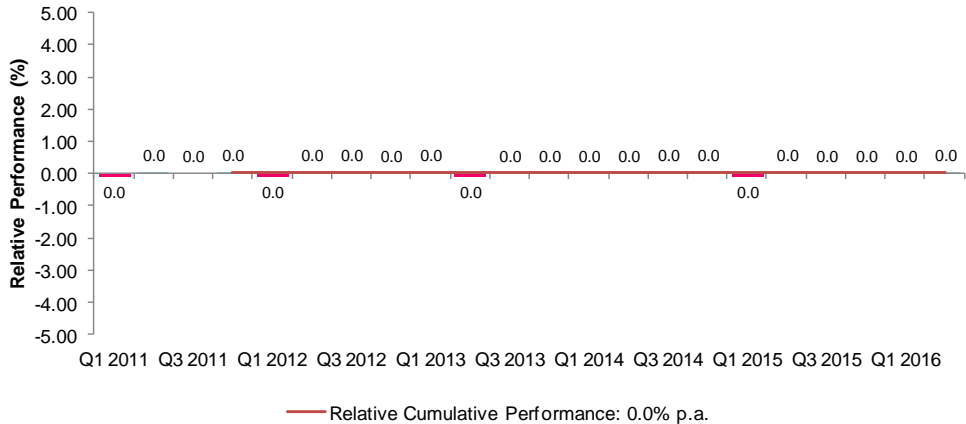
HR View Comment & Rating



We rate Legal and General Investment Management's market cap and fundamental index-tracking equity capability at '5 – Preferred strategy'.

LGIM announced in June that Michael Marks will become its new Chief Operating Officer (COO), replacing Simon Thompson who had been in the role for 4 years. Marks joins from BlackRock, where he spent 28 years, most recently as its Co-Head of Client Solutions. We are comfortable with the appointment given the wealth of experience Marks will bring with him from his former employer.

Relative Quarterly and Relative Cumulative Performance [i]



Fund Commentary

Long term performance shown has been retained to include the performance of the World (ex UK) Equity Index fund since 31 December 2010.

LGIM's global equity mandate has been set up to broadly hedge 50% of its overseas currency exposure.

The second quarter of 2016 was positive for equity markets, with the Fund's overall equity portfolio returning 5.1%, in line with the benchmark as expected of a passive manager.

Performance Summary (Gross of fees) [i] [ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	Since Inception* (% p.a.)
Fund	5.1	6.1	8.8	8.5
Benchmark	5.1	6.1	8.8	8.4
Relative	0.0	0.0	0.1	0.0

* Inception date 31 Dec 2010.

[1] Long term performance returns includes performance of World (ex UK) Equity Index Fund to 8 October 2015. 3 month return includes performance of World (ex UK) Dev Equity fund from 23 October 2015, performance of UK equity fund and World EM Equity fund from 15 October 2015 and performance of RAFI AW 3000 Equity fund from 8 October 2015.

Source: [i] DataStream, Fund Manager, [ii] DataStream, Fund Manager, Hymans Robertson

Newton Real Return Fund

HR View Comment & Rating

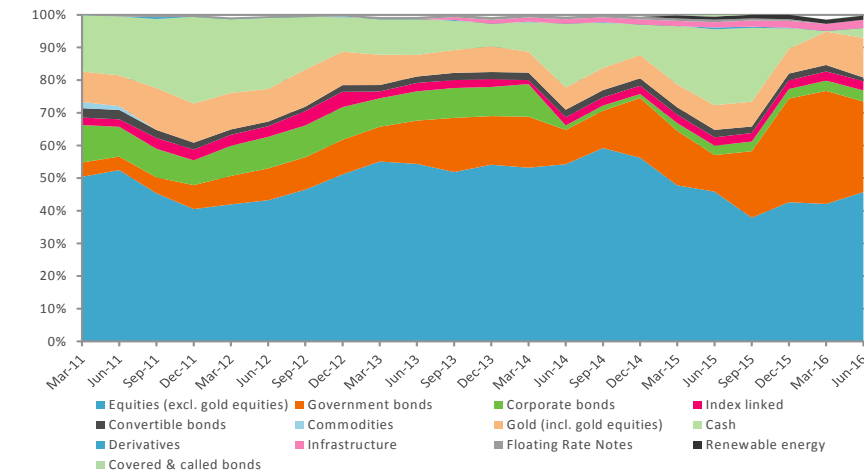


We rate Newton at '5 - Preferred manager'. The Real Return fund is an unconstrained multi-asset strategy that seeks to generate a return through both dynamic asset allocation and security specific selection.

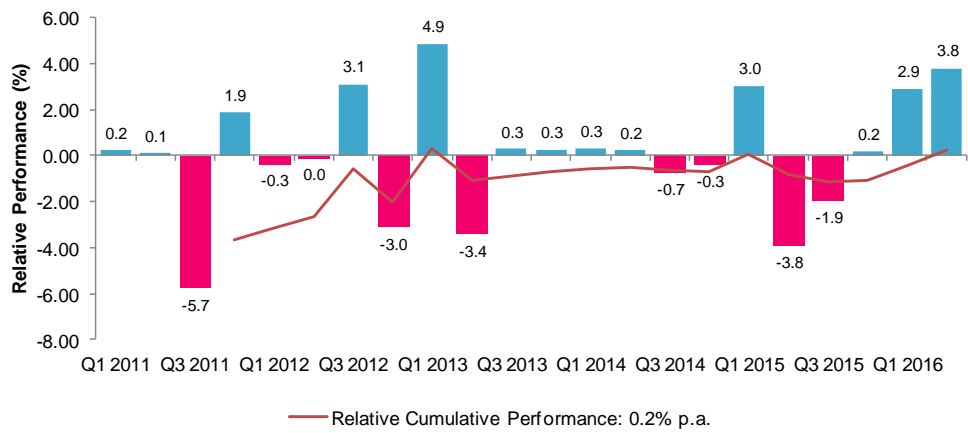
Over Q2 Newton announced that Peter Hensman had transferred into the Real Return team from the Global Research team. Hensman's role is to support Iain Stewart in providing the macroeconomic inputs into the strategy, a role that was previously held by James Harries who left the firm last year. The expansion of the team to include further senior investment managers has long been an indication that Newton is seeking to reduce the fund's dependence on Iain Stewart and the high level of key man risk.

We have been monitoring developments and met with Peter Hensman (who provides input as a global strategist) and Phillip Shucksmith (who provides input on credit and infrastructure) in Q2. We are comfortable with the recent changes within the team, as Iain Stewart remains the key decision maker for the strategy and because there is a clear 'Newton' approach to investing which continues to be demonstrated by all members of the team.

Change in asset allocation over time



Relative Quarterly and Relative Cumulative Performance



Fund Commentary

The fund generated an absolute return of 4.8% (net) over Q2, bringing the 12 month performance to a very healthy 9.1%. Newton has, in recent times, managed the Real Return fund cautiously and with a scepticism about the growth prospects of risk assets given the unconventional and unprecedented measures central banks have taken to support the global economic recovery. Newton's defensive stance has not always reaped rewards; they lagged behind many peers through 2013 and 2014 as equity markets rallied strongly, however, it has been during more uncertain and volatile markets where the management team's cautious approach has generally paid off. An event such as Brexit, therefore, is the type of scenario that the Real Return fund should be able to stand up strongly to, and indeed over the second quarter the fund did just that.

The fund's gold allocation was a key contributor to returns over the quarter. The team has always believed in the qualities of gold to preserve capital during volatile markets, and the asset class in sterling terms was up 15% over the quarter and close to 40% since the start of 2016. The fund's equity holdings also added value over the period. Whilst admittedly most of the equity returns were from currency translation effects rather than an increase in equity prices, Newton's focus on investing in high quality global companies with strong cashflow positions meant that the equity portfolio also outperformed the global equity benchmark in local currency terms. The holdings in gilts had a positive impact on fund returns as yields reached record lows over the quarter following the outcome of the EU referendum.

Schroder Diversified Growth Fund

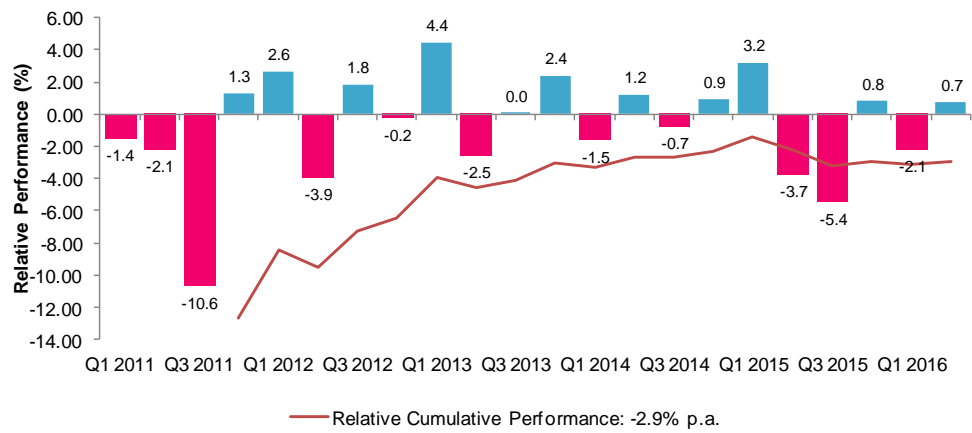
HR View Comment & Rating



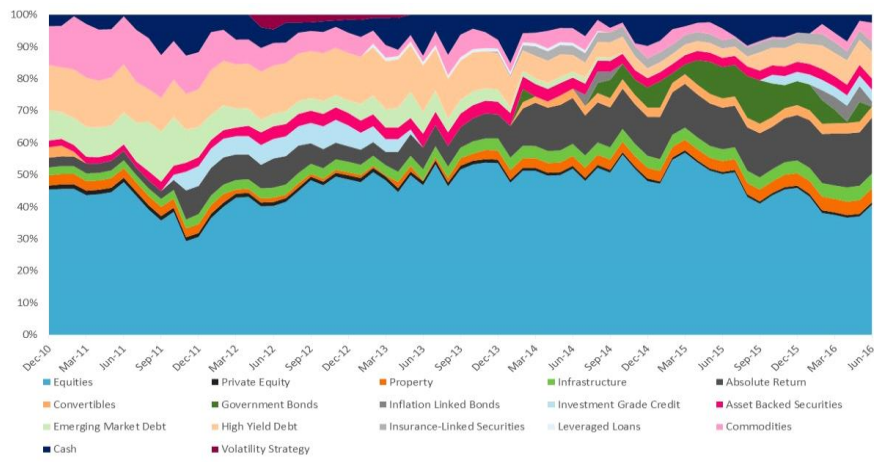
During the quarter Schroders announced the departure of its Global Head of Multi-Asset Investing and Portfolio Solutions, Nico Marais, amid a restructuring of its multi-asset business. The new structure sees Portfolio Solutions, its LDI business, become a separate business unit. Johanna Kyrklund (co-Portfolio Manager for the Fund) has been announced as Schroders' new Head of Multi-Asset and will lead the Global Asset Allocation Committee (GAAC) which guides the asset allocations for its range of multi-asset funds. Co-Portfolio Manager, Remi Olu-Pitan has also joined the GAAC.

We continue to rate Schroder's DGF strategy at '4 - Retain'.

Relative Quarterly and Relative Cumulative Performance (iii)



Change in asset allocation over time (i)



Fund Commentary

Over the second quarter, Schroder's DGF posted an absolute return of 2.7%, outperforming its RPI + 5% p.a. target by 0.7%. Over the longer term, performance over 3 year and since inception periods remains behind the fund's performance target.

Positive returns came from a number of sources over the quarter including global equities, government bonds, commodities and various currency positions, most notably a long position in the Japanese Yen. Despite Sterling falling significantly in the aftermath of the surprise decision for the UK to leave the EU, the manager's active decision to run its lowest exposure to Sterling for over 5 years added value.

The largest detractor over the period was the fund's exposure to Japanese equities. As a result of both Brexit fears and continued weaker-than-expected data releases for the Japanese economy as a whole, the TOPIX index delivered negative returns of -7.4% (in local currency terms) which was compounded by a sharp appreciation in the currency.

Schroder ISF Strategic Bond Fund

HR View Comment & Rating



There were no business changes over the quarter. We continue to rate Schroder's ISF Strategic Bond fund at '4 - Retain'.

Performance Summary (Gross of fees) [i]

	3 Months (%)	6 Months (%)	Since Inception* (% p.a.)
Fund	1.0	0.3	0.1
Benchmark	0.4	1.0	1.3
Relative	0.6	-0.8	-1.2

* Inception date 30 Nov 2015.

Fund Commentary

The fund has a stated performance target of LIBOR + 4% p.a. over a market cycle which is typically c. 5 years. We view this performance target as ambitious given the type of strategy being employed. For the purposes of our reporting, we have therefore chosen to measure the fund against a benchmark of LIBOR + 2% p.a., at least over the shorter term, as we believe this level of outperformance to be a more realistic target for the fund to achieve.

Over Q2 2016 the fund outperformed its performance target of LIBOR + 2% p.a. by 0.6%, delivering an absolute return of 1%. Whilst the UK's decision to leave the EU at the end of the quarter proved detrimental for the fund as a whole, the resulting underperformance was outweighed by positive performance posted in April and May. Most notable contributors to performance were interest rate, credit and currency strategies.

Schroder Corporate Bond Fund

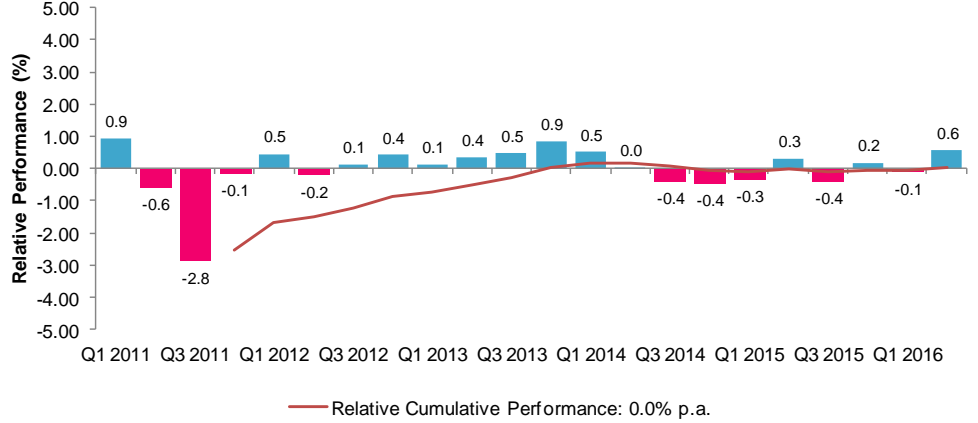
HR View Comment & Rating



We rate Schroder's corporate bond fund at '4 - Retain'.

There was no significant business news to report over Q2 2016.

Relative Quarterly and Relative Cumulative Performance [i]



Fund Commentary

The Schroder All Maturities Corporate Bond Fund seeks to outperform its benchmark by 0.75% p.a. (gross of fees) over a rolling 3 year period.

The fund delivered an absolute return of 4.7% over the second quarter of 2016, outperforming its benchmark by 0.5%. Positive performance over Q2 has improved the fund's longer-term numbers with the fund now ahead over the past 3 years by 0.5% p.a. Since inception performance, however, is in line with benchmark and we would therefore like to see a more consistent level of outperformance going forward in order to justify the additional fee being paid for active management.

Performance Summary (Gross of fees) [ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	Since Inception* (% p.a.)
Fund	4.7	9.2	7.9	7.5
Benchmark	4.1	8.9	7.4	7.5
Relative	0.6	0.3	0.5	0.0

* Inception date 31 Dec 2010.

Barings Global High Yield Credit Strategies Fund

HR View Comment & Rating



Over the quarter, a c. 3.5% allocation was made to Barings (previously Babson) Global High Yield Credit Strategies fund. Post the decision to allocate to the fund but prior to actual implementation, we had downgraded our rating of the manger to '3 - On watch' following the high profile departures of Zak Summerscale, European CIO and Head of Euro High Yield and Kam Tugnait, Portfolio Manager for Euro High Yield. Having monitored the situation closely over the last six months including several meetings with the US and European senior investment teams, we have regained sufficient confidence in the team to reinstate our top rating for the manager of '5 - Preferred strategy'.

Regarding the change of name from Babson Capital to Barings, earlier this year Babson's parent, MassMutual, announced that it was to merge its four asset management businesses under the Barings branding; Babson Capital, Barings Asset Management, Cornerstone Real Estate Advisors and Wood Creek Capital Management (a specialist Real Assets and Alternative manager). Babson represents the largest component of the new entity's \$260 billion in assets under management (accounting for c\$230 billion of assets). The new senior management team is predominantly made up of Babson's senior management team, with Tom Finke, Babson's chairman and CEO becoming CEO of the new firm. Russ Morrison, Babson's Global Head of Fixed Income, will become CIO of the Fixed Income business. Babson expects some streamlining of back office and support functions over the next 12 – 18 months with any product rationalisation at the margin. We are comfortable with the MassMutual integration given the asset dominance and leadership influence Babson will have.

Performance Summary (Gross of fees) ^[1]

	Since Inception* (% p.a.)
Fund	-0.5
Benchmark	1.3
Relative	-1.8

* Inception date 10 Jun 2016.

Fund Commentary

Barings' Global High Yield Credit Strategies fund posted a small negative return for the period from 10 June 2016 to the end of the second quarter. This was mainly due to an underweight position to lower rated UK energy sectors which outperformed over the period.

More detailed performance commentary will be provided in our Q3 2016 report.

Alcentra Global Multi-Credit Fund

HR View Comment & Rating



Over the quarter, a c. 3.5% allocation was made to Alcentra’s Global Multi-Credit fund. As a brief reminder, Alcentra’s global multi-credit solution fund adopts a best ideas approach, investing predominately in US and European senior secured loans and high yield bonds. It can make opportunistic allocations to collateralised loan obligations (‘CLOs’) and stressed/distressed credits through investment in other funds.

Performance Summary (Gross of fees) [i]

	Since Inception* (% p.a.)
Fund	0.5
Benchmark	0.4
Relative	0.2

* Inception date 03 May 2016.

Fund Commentary

Alcentra’s Global Multi-Credit fund posted a small positive return for the period from 3 May 2016 to the end of the second quarter. More detailed performance commentary will be provided in our Q3 2016 report.



Performance Calculation

Geometric vs Arithmetic Performance

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

$$\left(\left(1 + \text{Fund Performance} \right) / \left(1 + \text{Benchmark Performance} \right) \right) - 1$$

Some industry practitioners use the simpler arithmetic method as follows:

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

The following example illustrates the shortcomings of the arithmetic method in comparing short term relative performance with the longer term picture:

Period	Arithmetic Method			Geometric Method			Difference
	Fund Performance	Benchmark Performance	Relative Performance	Fund Performance	Benchmark Performance	Relative Performance	
Quarter 1	7.00%	2.00%	5.00%	7.00%	2.00%	4.90%	0.10%
Quarter 2	28.00%	33.00%	-5.00%	28.00%	33.00%	-3.76%	-1.24%
Linked 6 months			-0.25%			0.96%	-1.21%
6 Month Performance	36.96%	35.66%	1.30%	36.96%	35.66%	0.96%	0.34%

Using the arithmetic method

If fund performance is measured quarterly, there is a relative underperformance of 0.25% over the six month period.

If fund performance is measured half yearly, there is a relative outperformance of 1.30% over the six month period.

Using the geometric method

If fund performance is measured quarterly, there is a relative outperformance of 0.96% over the six month period.

If fund performance is measured half yearly, an identical result is produced.

The geometric method therefore makes it possible to directly compare long term relative performance with shorter term relative performance.



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Pension Fund Committee

31 October 2016

Title	Pension Board Budget 2016-17
Report of	Chief Executive / Section 151 Officer
Wards	Not Applicable
Status	Public
Enclosures	Appendix 1 – Proposed Pension Board budget 2016-17 Appendix 2 – Draft Pension Board work plan
Officer Contact Details	Iain Millar, Head of Treasury Finance - Customer and Support Group (CSG) iain.millar@barnet.gov.uk 020 8359 7106 Patricia Phillipson, Interim Head of Finance – Commissioning Group patricia.phillipson@barnet.gov.uk 020 8359 2800 Salar Rida, Governance Officer salar.rida@barnet.gov.uk 020 8359 2761

Summary

The Public Service Pensions Act 2013 required the establishment of Pension Boards with responsibility for assisting the scheme manager with the effective management of the local pension fund. The expenses of the Pension Board are met by the Barnet Pension Fund, therefore the Pension Board’s workplan and budget are submitted to the Barnet Pension Fund Committee for annual approval. The Pension Board is required to operate within the approved budget and for the purpose it was approved. It is envisaged that the Board will review aspects of the pension fund over time rather than react to the regular monitoring cycle of the Pension Fund Committee.

Recommendations

- 1. That Pension Fund Committee note the proposed workplan for the Local Pension Board and approve the proposed Pension Board budget for 2016-17.**

1. WHY THIS REPORT IS NEEDED

- 1.1 To approve the Pension Board budget and workplan.
- 1.2 The Public Service Pensions Act states that the scheme regulations will provide for the establishment of the Pension Board which will be responsible for assisting the scheme manager (in LBB's case, the Pension Fund Committee) in securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme. Whilst the guidance has provided some further suggestions about what the Board will do, specific local functions have primarily been left up to the local authority's determination. While the Board can make recommendations to the Pension Fund Committee, it will be up to the Committee whether to take action in relation to the recommendations. The Board will not be a decision making body, but will contribute to the governance of the pension scheme by providing advice and scrutiny.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Public Service Pensions Act 2013 required the establishment of Pension Boards by 1 April 2015 to assist local authorities with the effective management of local pension funds. As the expenses of the Board are met by the Barnet Pension Fund, the Board's workplan and budget need to be submitted to the Barnet Pension Fund Committee for approval annually.

2.1 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

Not applicable.

3. POST DECISION IMPLEMENTATION

- 3.1 Pension Board will operate within the budget approved by Pension Fund Committee.

4. IMPLICATIONS OF DECISION

4.1 Corporate Priorities and Performance

- 4.1.1 The Local Pension Board will support the delivery of the Council's corporate 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.

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

4.2.1 All costs of implementing and running the Local Pension Board are funded from the Barnet Pension Fund.

4.2.2 The main costs will be Board member training, governance support and Pension Board member attendance allowances.

4.3 Legal and Constitutional References

4.3.1 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. The proposed terms of reference comply with the requirements of the legislation and due regard has been paid to the guidance.

4.3.2 The Pension Fund Committee's terms of reference include 'To determine the appropriate course of action on any matter not specifically listed above that pertains to the leadership and/or strategic management of the Pension Fund, in particular any matter which could materially affect its financial performance or long-term standing.

4.4 Risk Management

4.4.1 The Pension Board terms of reference include ensuring the Pension Fund's internal risk register is in place and reviewed at least annually.

4.5 Equalities and Diversity

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

4.6 Consultation and Engagement

4.6.1 Not applicable

5. BACKGROUND PAPERS

5.1 None

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Appendix 1

Pension Board Budget 2016/17

	£	£
Attendance and Training		
Board Member attendance fees	2,286	
Board Member Training attendance fees	2,286	
Board Member training	6,500	
		11,072
Board administration		
Board support and overheads recharge		25,000
Total		<u>36,072</u>

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**London Borough of Barnet
Local Pensions Board Forward
Work Plan -
July 2016- May 2017**

Contact: Salar Rida salar.rida@barnet.gov.uk 02083597113

Subject	Decision requested	Report Of	Contributing Officer(s)
7 November 2016			
Admitted Bodies Report	London Borough of Barnet Pension Fund - Admitted Bodies update report	Chief Operating Officer (Director of Finance Chief Executive / Section 151 Officer)	Service Delivery Manager (Pensions) Capita Employee Benefits
Barnet Council Pension Fund Performance - Quarterly report	This report encloses the report on Barnet Council Pension Fund Performance for the previous Quarter	Head of Governance	Head of Treasury CSG
Pension Board Budget	That the Board notes the Local Pension Board Budget for 2016-17	Head of Governance	Governance Officer
25 January 2017			
Admitted Bodies Report	London Borough of Barnet Pension Fund - Admitted Bodies update report	Chief Operating Officer (Director of Finance Chief Executive / Section 151 Officer)	Service Delivery Manager (Pensions) Capita Employee Benefits
Pension Fund Risk Register Review	That the Board note <u>review</u> the Pension Fund's Risk Register.	Chief Executive Chief Operating Officer- (Director of Finance / Section 151 Officer)	Head of Treasury CSG

Subject	Decision requested	Report Of	Contributing Officer(s)
Barnet Council Pension Fund Performance - Quarterly report	This report encloses the report on Barnet Council Pension Fund Performance for the previous Quarter	Head of Governance	Head of Treasury CSG
23 March 2017			
Admitted Bodies Report	London Borough of Barnet Pension Fund - Admitted Bodies update report	Chief Executive Chief Operating Officer (Director of Finance / Section 151 Officer)	Service Delivery Manager (Pensions) Capita Employee Benefits
Barnet Council Pension Fund Performance - Quarterly report	This report encloses the report on Barnet Council Pension Fund Performance for the previous Quarter	Head of Governance	Head of Treasury CSG
Pension Fund Investment Strategy	Report providing further information on revisions to the Pension Fund Investment Strategy	Chief Executive Chief Operating Officer (Director of Finance / Section 151 Officer)	Head of Treasury CSG
Review of LPGS Governance Reports	To review LGPS governance reporting compliance	Chief Executive / Section 151 Officer	Head of Treasury
Scheme administration compliance	To note report on scheme administration	Chief Executive / Section 151 Officer	Service Delivery Manager (Pensions) Capita Employee Benefits

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	<p>Local Pension Board</p> <p>27 July 2016</p>
<p style="text-align: right;">Title</p>	<p>Local Pension Board – Annual Update Report</p>
<p style="text-align: right;">Report of</p>	<p>Head of Governance</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix A – Previous Minutes of the Local Pension Board meetings Appendix B – Terms of Reference for Local Pension Board Appendix C – Local Pension Board, Forward Work Plan</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Salar Rida, Governance Officer 020 8359 7113, salar.rida@barnet.gov.uk</p>

Summary

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

On the 23rd of March 2015, the General Functions Committee agreed the establishment of the Local Pension Board, the composition of the Board and the proposed terms of reference. Following a recruitment process, Full Council on 28th July 2015 approved the membership and the detailed terms of reference for the Board. The terms of reference sets out the reporting requirements for an annual update on the work of the Local Pension Board to be reported to the Pension Fund Committee.

Recommendations

- | |
|---|
| <p>1. That the Local Pension Board note the update on: the summary of the work undertaken by the Board; its terms of reference; the work programme for the Board; details of training undertaken by Board members as set out in paragraph 1.7; and details of conflicts of interests and how they were managed as set out in paragraph 1.9</p> |
| <p>2. That the Local Pension Board note and comment on the annual work plan attached at Appendix C and agree to it being referred to the next meeting of the Pension Fund Committee.</p> |

1. WHY THIS REPORT IS NEEDED

- 1.1 The Public Service Pensions Act 2013 requires the establishment of Pension Boards to assist local authorities with the effective management of local pension funds. The Department for Communities and Local Government (DCLG) has issued regulations and reporting guidelines concerning the implementation of Pension Boards.
- 1.2 The terms of reference of the Local Pension Board (LPB) was agreed by the General Functions Committee on 23rd March 2015 and following endorsement by Full Council, the terms of reference were formally adopted by the Local Pension Board on 29th July 2015.
- 1.3 On 22nd October 2015 the Pension Fund Committee received an update report on the recruitment and the work of the Local Pension Board. The Committee noted that a future update report on the work of the LPB would be reported to a future meeting of the Pension Fund Committee.
- 1.4 The Local Pension Board's terms of reference, at Appendix B, sets out the reporting guidelines which states that the LPB 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.
- 1.5 A summary of the work undertaken by the Local Pension Board is set out at Appendix A through the published minutes of the previous meetings of the Local Pension Board on 29th July, 9th November 2015 and 10th February 2016.
- 1.6 The work plan for the Local Pension Board is attached at Appendix C to the report.
- 1.7 On 22nd July 2015, the Members induction and training session took place for the Members of the Local Pension Board. The session included training on:
- The Local Government Pension Scheme and legislative framework to LGPS
 - Background to the establishment of Local Pension Boards

- Regulations and governance of the Local Government Pension Scheme
- Role, Composition and Reporting Requirements of the Local Pension Board
- Terms of Reference, Council's Constitution Codes of Conduct and Conflicts of Interests Policies,
- Conduct of Members and Conflicts Policy
- Data Protection and Information Security Policy
- Board Knowledge and Understanding Policy which included a skills self-assessment for Board Members
- Principles of good scrutiny (CfPS) around the issues: constructive 'critical friend' challenge, Amplifies the voice and concerns of the public, Led by independent people who take responsibility for their role, Drives improvement in public services.

1.8 Further training to Board Members will be agreed with the membership of the Local Pension Board and taken forward in line with the requirements for training.

1.9 In line with the training session delivered to Members of the Local Pension Board on the Code of Conduct and Conflicts of Interests policies, the Register of Interests for the Board Members has been published. No further issues have been reported in relation to conflicts of interests.

2. REASONS FOR RECOMMENDATIONS

2.1 The Pension Fund Committee on 22nd October 2015 received an update report on the recruitment and the work of the Local Pension Board. The report noted that an update on the work of the Local Pension Board would be reported to the Pension Fund Committee annually.

2.2 The terms of reference of the Local Pension Board in line with the reporting guidelines by the LGPS set out at Appendix B.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 None in the context of this report.

4. POST DECISION IMPLEMENTATION

4.1 In line with the reporting guidelines set out in the terms of reference of the Local Pension Board, the Board shall report to the Pension Fund Committee:

- 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. IMPLICATIONS OF DECISION

5.1 **Corporate Priorities and Performance**

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

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

5.2.1 None in the context of this report.

5.3 **Social Value**

5.3.1 None in the context of this report.

5.3.2 The Public Services (Social Value) Act 2013 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a 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.

5.4 **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. The final appointments comply with the requirements of the legislation and due regard has been paid to the guidance.

5.4.2 Under the Terms of Reference (Appendix B) 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.

5.5 **Risk Management**

5.6 There are no specific risk management implications arising from 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.

5.8 Insight

5.8.1 None in the context of this report.

6. BACKGROUND PAPERS

6.1 Local Pension Board, 29 July 2015, Agenda Item 7, Approval and Adoption of the Terms of Reference, Appendix 1, LGPS Guidance:

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=753&MId=8475&Ver=4>

6.2 Pension Fund Committee, 22 October 2015, Agenda Item 8, Local Pension Board Report:

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=191&MId=8356&Ver=4>

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Decisions of the Local Pension Board

29 July 2015

Members Present:-

Councillor Brian Salinger (Chairman) (Employer Representative)

Geoffrey Alderman (Vice-Chairman) (Employee Representative)

Luke Ward (Employee Representative) Stephen Ross (Independent Member)
Tom Evans (Employer Representative)

Also in attendance:

Hem Savla (Substitute Employee Representative)

Pending the appointment of a Chairman and vice-Chairman, the clerk opened the meeting and reported the absence of Members and sought nominations for the position of Chairman.

1. ABSENCE OF MEMBERS

There were none.

2. ELECTION OF CHAIRMAN AND VICE CHAIRMAN

RESOLVED-

1. That Councillor Brian Salinger be appointed as Chairman of the Local Pension Board
2. That Professor Geoffrey Alderman be appointed as Vice-Chairman of the Local Pension Board.

3. DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS

There were none

4. PUBLIC QUESTION AND COMMENTS (IF ANY)

There were none

5. REPORT OF THE MONITORING OFFICER (IF ANY)

There were none

6. MEMBERS' ITEMS (IF ANY)

There were none

7. APPROVAL AND ADOPTION OF THE TERMS OF REFERENCE

The Board considered the report. The Board asked officers to review why the Board's terms of reference prohibited the Independent Member from being the Chairman and requested a report back at the next meeting.

The Board

RESOLVED – to note the Terms of Reference set out in Appendix 2 of the report.

8. LOCAL PENSION BOARD CONSTITUTIONAL FRAMEWORK

The Board considered the report. Board Members agreed to complete the notification of Members Interest and provide a bio for the Local Pension Board internet page.

The Board

RESOLVED –

1. To note that members of the Board are required to comply with the Council's Members Code of Conduct and Conflicts of Interest Policy and the Local Government Pension Scheme (LGPS) Guidance on Conduct of Members and Conflicts of Interest.
2. To note that members of the Board are required to comply with the Council's Data Protection Policy and Information Security Policy.

9. BOARD KNOWLEDGE, UNDERSTANDING AND TRAINING

The Board considered the report.

Board Members agreed to complete the skills and self-assessment form and officer would also routinely circulate any upcoming Pension Training to Board Members.

The Board

RESOLVED –

1. to note the requisite level of knowledge and understanding required for the role and that members will be required to acquire this knowledge and understanding through self-assessment and training.
2. To instruct officers to develop a detailed Member Development Plan for Board Members

10. KEY POLICY DOCUMENTS OF THE BARNET PENSION FUND

The Board considered the report.

Board Members asked for the new Council Corporate Social Responsibility Policy to be incorporated in the review of the Statement of Investment Principles, currently being undertaken and for the results to be shared with the Board.

The Board

RESOLVED –

1. To note the Pension Fund's key strategy and policy documents.
2. To receive the results of the in the review of the Statement of Investment Principles.

11. BARNET PENSION FUND PERFORMANCE

The Board considered the report.

Board Members asked for WM Company Ltd to attend a training session or the next meeting to provide details on how the benchmarking is assessed.

The Board

RESOLVED –

1. To note the Barnet Council Pension Fund Performance for Quarter January to March 2015
2. To invite WM Company Ltd to attend a training session or the next meeting of the Board to provide details on the benchmarking assessment.

12. LOCAL PENSION BOARD BUDGET 2015/16

The Board considered the report.

The Board

RESOLVED – to note the Local Pension Board Budget for 2015-16.

13. LOCAL PENSION BOARD WORK PROGRAMME

The Board considered the report.

The Board

RESOLVED – to note the work programme.

14. ANY OTHER ITEM(S) THE CHAIRMAN DECIDES ARE URGENT

There were none.

The meeting finished at 7.50 pm

Decisions of the Local Pension Board

9 November 2015

Board Members Present:-

Councillor Brian Salinger (Chairman) (Employer Representative)
Geoffrey Alderman (Vice-Chairman) (Employee Representative)

Luke Ward (Employee Representative) Stephen Ross (Independent Member)
Tom Evans (Employer Representative)

Also in Attendance:

Councillor Peter Zinkin (Pension Fund Committee, Vice-Chairman)
Hem Savla (Substitute Employee Representative)

1. MINUTES OF LAST MEETING

RESOLVED that the minutes of the meeting held on 29 July 2015 be approved as a correct record.

2. DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS

None.

3. ABSENCE OF MEMBERS

None.

4. PUBLIC QUESTION AND COMMENTS (IF ANY)

None.

5. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

6. MEMBERS' ITEMS (IF ANY)

None.

7. BARNET PENSION FUND PERFORMANCE FOR QUARTER APRIL TO JUNE 2015

Iain Millar, Head of Treasury Services, introduced a report on Barnet Council Pension Fund Performance for Quarter 1 (April to June 2015) which had been considered by the Pension Fund Committee on 22 October 2015.

The Chairman welcomed Anne Gillies from State Street who gave a presentation on performance measurement including: return methodologies; manager benchmarks and performance; evaluation and measurement; asset allocation; and risk vs. return. The Chairman also welcomed Councillor Peter Zinkin, the Vice-Chairman of the Pension Fund Committee, who was in attendance to answer questions from Board Members.

The Board noted that the Pension Fund Committee had made a strategic decision to invest in a defensive portfolio which had impacted on returns. The Committee had at their meeting on 22 October 2015 agreed to amend their investment strategy to ensure improved investment return which would also result in the asset allocation being more closely aligned with the strategies of other local authority pension funds. It was noted that the direction of travel had changed and assets would be reallocated over the next 6 months to improve returns. It was noted that the next asset review would take place during 2016. Councillor Zinkin advised the Board that once the London Collective Investment Vehicle (CIV) had been established Barnet would have access to more providers. He added that the CIV might collectively agree areas of investment focus (e.g. infrastructure).

RESOLVED that the Board:

- 1. Receive a report on the impact of the London Collective Investment Vehicle at the next meeting on 10 February 2016.**
- 2. Request that officers provide further information on revisions to the Pension Fund Investment Strategy at the next meeting on 10 February 2016.**

8. ADMITTED BODIES ORGANISATIONS

Iain Millar, Head of Treasury Services, presented a report which provided an update on the status of admitted bodies organisations.

RESOLVED that the Pension Fund Committee be recommended to receive an update on the bond status of admitted bodies at their meeting on 3 February 2016.

9. PENSION FUND RISK REGISTER REVIEW

Iain Millar, Head of Treasury Services, presented a report which provided the Board with details of the Pension Fund Risk Register. The Board noted that pension fund risks had previously been included in the corporate risk register and had now been disaggregated.

The Board noted that the final risk on the register (strength of covenant of new employers / risk of financial loss to Pension Fund) had an incorrect risk assessment score. Officers undertook to correct this prior to it being considered and approved by the Pension Fund Committee.

Board Members questioned whether there was a risk to fund of having additional admitted bodies. Iain Millar and Councillor Zinkin advised the new admitted bodies would not necessarily be a risk to the fund. However, it was important to ensure that the contributions of active scheme members were sufficient to meet future costs of the fund (contributions vs. accruals).

RESOLVED that the Board note the Pension Fund Risk Register.

10. BOARD WORK PROGRAMME

The Board considered the work programme as set out in the agenda.

RESOLVED that:

- 1. The next meeting of the Board be scheduled to take place on 10 February 2016.**
- 2. The Board agreed that the items listed under 'Meeting date TBC' be reported to the 10 February 2016 meeting except for the 'Draft Annual Report to Pension Fund and Full Council' item which would be reported to Council in the 2016/17 financial year.**

11. ANY OTHER ITEM(S) THE CHAIRMAN DECIDES ARE URGENT

None.

The meeting finished at 8.15pm

Decisions of the Local Pension Board

10 February 2016

Members Present:-

Board Members Present:-

Councillor Brian Salinger (Chairman) (Employer Representative)

Geoffrey Alderman (Vice-Chairman) (Employee Representative)

Luke Ward (Employee Representative)

Stephen Ross (Independent Member)

Tom Evans (Employer Representative)

Also in Attendance:

Councillor Peter Zinkin (Pension Fund Committee, Vice-Chairman)

Hem Savla (Substitute Employee Representative)

1. MINUTES OF LAST MEETING

RESOLVED that the minutes of the meeting held on 9 November 2015 be approved as a correct record.

2. TERMS OF REFERENCE FOR THE LONDON BOROUGH OF BARNET PENSION BOARD

The Board note it's terms of reference.

3. DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS

None

4. ABSENCE OF MEMBERS

None.

5. PUBLIC QUESTION AND COMMENTS (IF ANY)

None.

6. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

7. MEMBERS' ITEMS (IF ANY)

None.

8. BARNET PENSION FUND PERFORMANCE TO SEPTEMBER 2015

The Board considered the Officers reports and noted the circulation of appendix C.

The Head of Treasury, Iain Millar introduced the report. He advised the Board that the Pensions Fund Committee is to consider its fund profile which may lead to diversification. The Board questioned the Head of the Treasury and Councillor Peter Zinkin, the Vice-Chairman of the Pensions Fund Committee who was requested to make a presentation by the Chairman. Councillor Zinkin advised the Board Officer's report had been considered and determined by Pensions Fund Committee at its meeting on 03 February 2016.

Having considered the report the Local Pensions Board:

Resolved

- That the report be noted

9. ADMITTED BODIES ORGANISATIONS

The Head of Treasury, Iain Millar introduced the report. He advised that the Pensions Fund Committee had approved the report on 03 February 2015.

Having considered the report the Local Pensions Board:

- Noted the Officer's report

10. COMMITTEE WORK PROGRAMME

Resolved

- That the work programme be noted
- That the Board agreed their meeting dates below and noted the dates when the Pensions Fund Committee meetings will take place.
- That the Board requested that they receive any relevant training

2016/17	
Pension Fund	Pension Board
July 19 th	July 28 th
Oct 31 st	Nov 7 th
Jan 18 th	Jan 25 th
March 14 th	March 23 rd (provisional)

- The board noted its terms of reference and requested that items received provided assurance that it considers reports which are relevant to the remit of the Board.

11. ANY OTHER ITEM(S) THE CHAIRMAN DECIDES ARE URGENT

There were no urgent items.

The meeting finished at 7.50pm

Decisions of the Local Pension Board

27 July 2016

Members Present:-

Councillor Brian Salinger (Chairman) (Employer Representative)

Geoffrey Alderman (Vice-Chairman) (Employee Representative)

Luke Ward (Employee Representative) Stephen Ross (Independent Member)

Also in attendance

Hem Savla (Substitute Employee Representative)

Apologies for Absence

Tom Evans (Employer Representative)

1. MINUTES OF LAST MEETING

The Chairman of the Local Pension Board, Councillor Brian Salinger welcomed all attendants to the meeting.

It was RESOLVED that the minutes of the previous meeting held on 10th February 2016, be agreed as a correct record.

2. DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS

None.

3. ABSENCE OF MEMBERS

Apologies for absence received from Mr Tom Evans.

4. PUBLIC QUESTION AND COMMENTS (IF ANY)

None were received.

5. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

6. MEMBERS' ITEMS (IF ANY)

None.

7. BARNET PENSION FUND PERFORMANCE FOR QUARTER JANUARY TO MARCH 2016

The Chairman introduced the item which summarises the Pension Fund investment manager performance for January to March quarter 2016 and was reported to the Pension Fund Committee (PFC) on 19 July 2016.

Iain Millar presented the report to the Board and noted that the Pension Fund Committee had expressed their preference to receiving an update on the performance for January to June 2016. The Board received a summary of the discussion at the meeting of the Pension Fund Committee.

In response to a query from the Board about the effects of Brexit on the performance of the Pension Fund, Mr Millar stated that the views expressed by the fund management companies' representatives at the PFC meeting was that it was too early at this stage to provide exact performance figures. Following the diversification and asset reallocation of the Fund in the short term, there had been a positive increase in recent fund performance.

Following a request from the Board for information, Mr Millar noted that fund managers will be asked about their approach in relation to the US elections in November 2016.
(Action)

Mr Stephen Ross queried whether the figures given provided a benchmark of the gross of fees. Following discussion, Mr Millar briefed the Board about the request made by the PFC to ensure that the Independent Investment advisor reconcile performance figures with the fund management representatives in respect of data from Newton Investment Management and Schroder Investment Management. This would ensure that there would be consistent reporting on the same basis from the independent investment advisors and the fund management representatives.

In relation the fund management companies' fees, Mr Ross requested that in addition to percentage figures, the actual figures paid be circulated to the Board for information.

It was RESOLVED:

That the Board noted and provided comments as above on the Barnet Council Pension Fund Performance for Quarter January to March 2016.

8. UPDATE ON ADMITTED BODIES ORGANISATIONS

The Chairman introduced the update report on the Admitted Bodies participating in the Local Government Pension Scheme administered by LBB. The Board heard about the discussions at the PFC meeting and noted that the Committee had raised concerns about shortfall of contribution payments and issues with small admitted bodies finding a bond provider.

To ensure Council risk is mitigated, the Board noted that PFC had requested an update report at its next meeting. The Board will also receive the update report at its next meeting. **(Action)**

It was RESOLVED:

That the Board noted the Barnet Council Pension Fund Admitted Bodies Organisations.

9. LONDON COLLECTIVE INVESTMENT VEHICLE UPDATE AND RESPONSE TO LOCAL GOVERNMENT PENSION SCHEME REFORM CONSULTATION

Board Members were briefed about the presentation delivered to the Pension Fund Committee. The Board also heard about the benefit of achieving efficiencies through pooling into London Collective Investment Scheme which had received full authorisation by the Financial Conduct Authority.

In addition, Mr Millar stated that the London CIV would be in a good position to respond effectively to further calls for national pooling of funds.

Following a comment from the Board, it was noted that downward pressure on fund management fees is likely to continue which would need to be balanced against fees towards effective management.

The Board noted that a future update report on London CIV will be brought back to this Board following initial reporting to the Pension Fund Committee.

Following a query from the Board, Mr Millar informed Board Members about the governance structure of the London CIV which involves the individual London Boroughs. Mr Millar also noted that in relation to the London CIV governance arrangements, the respective independent investment advisors would be retained for the individual Boroughs.

The Board requested information about the costs for the transition process for Newton Investment Management Limited and Schrodgers Investment Management Limited. This information would be circulated to the Board when available. **(Action)**

The Chairman thanked the Board for the discussion.

It was **RESOLVED:**

That the Board noted and provided comment as above on the London Collective Investment Vehicle Update and Response to Local Government Pension Scheme Reform Consultation.

10. ANNUAL UPDATE REPORT

The Chairman introduced the report which was noted by the Board. The Board also noted that the report will be taken to the Pension Fund Committee and Full Council to note.

It was **RESOLVED:**

- 1. That the Local Pension Board noted the update on: the summary of the work undertaken by the Board; its terms of reference; the work programme for the Board; details of training undertaken by Board members as set out in paragraph 1.7; and details of conflicts of interests and how they were managed as set out in paragraph 1.9.**

2. That the Local Pension Board noted and commented as set out in the minutes of Agenda Item 11 (Work Programme) on the annual work plan attached at Appendix C and agree to it being referred to the next meeting of the Pension Fund Committee.

11. COMMITTEE WORK PROGRAMME

The Chairman introduced the items on the Forward Plan which is a standing item on the agenda and lists the items for 2016/2017.

The Chairman requested that Board Members receive email notification with links to the published Pension Fund Committee papers and minutes going forward. **(Action)**

The Board requested that an update be circulated to the Board about core competencies, refresher training and invitations to Pensions seminars. It was agreed that officers will be discussing the approach forward in consultation with the Chairman and circulate to the Board accordingly. **(Action)**

The Board agreed that the holding date of 23rd March 2017 be confirmed as its March meeting date.

It was agreed that Mr Millar would discuss the option of reporting an update on the administration of the LGP Scheme with the Chairman and agree when it would be reported to the Board. **(Action)**

The Chairman thanked the Board for their contribution.

It was **RESOLVED:**

That the Committee considered and commented as above on the items included in the 2016- 17 work programme.

12. ANY OTHER ITEM(S) THE CHAIRMAN DECIDES ARE URGENT

None.

The meeting finished at 8.10 pm

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.

- 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 PGPS by the Pensions Regulator.
 - such other matters that 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.
- To carry out any other activities relating to the efficient governance and administration of the Pension Fund.
- To 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 other than those 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 is;
- 2.2 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 have 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 is 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 Officer 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 5 members constituted as follows:
- 2 Council representatives (employers side) comprising:
 - 1 Councillor who is not a member of the Pension Fund Committee
 - 1 employer representative from an admitted or scheduled body (e.g. Re, CSG or Middlesex University)
 - 2 scheme member representatives (employee side) comprising:
 - 1 active member
 - 1 retired/deferred member

- **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.

NB: Independent member cannot be appointed Chairman or Vice-Chairman.

6. Substitute Members

6.1 Each member will have a substitute to act as Board member in their 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 will usually 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 their term of appointment can only be enacted by the unanimous agreement of the other members present at the meeting.

9.3 In 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.

95. If a Board member chooses not to continue their role, they must provide a written notice of their 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 their original appointment.

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

10.1 The Independent Member will not have any voting rights. All other members of the board will be entitled to vote.

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 work plan, 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 to 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 undernoted terms shall have the following meaning 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 Member</i>	A Member of the Board who is neither an Employer 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.

Member Representative

A person appointed to the Board for the purpose of representing members of the Scheme

Scheme

The Local Government Pension Scheme as defined under LGPS

Scheme Manager

London Borough of Barnet as administering authority of the London Borough of Barnet Pension Fund

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**London Borough of Barnet
Local Pensions Board Forward
Work Plan -
November 2016- May 2017**

Contact: Salar Rida salar.rida@barnet.gov.uk 02083597113

Subject	Decision requested	Report Of	Contributing Officer(s)
7 November 2016			
Admitted Bodies Report	London Borough of Barnet Pension Fund - Admitted Bodies update report	Chief Executive / Section 151 Officer	Service Delivery Manager (Pensions) Capita Employee Benefits
Barnet Council Pension Fund Performance - Quarterly report	This report encloses the report on Barnet Council Pension Fund Performance for the previous Quarter	Head of Governance	Head of Treasury CSG
Pension Board Budget	That the Board notes the Local Pension Board Budget for 2016-17	Head of Governance	Governance Officer
25 January 2017			
Admitted Bodies Report	London Borough of Barnet Pension Fund - Admitted Bodies update report	Chief Executive / Section 151 Officer	Service Delivery Manager (Pensions) Capita Employee Benefits
Pension Fund Risk Register Review	That the Board review the Pension Fund's Risk Register.	Chief Executive / Section 151 Officer	Head of Treasury CSG

Subject	Decision requested	Report Of	Contributing Officer(s)
Barnet Council Pension Fund Performance - Quarterly report	This report encloses the report on Barnet Council Pension Fund Performance for the previous Quarter	Head of Governance	Head of Treasury CSG
23 March 2017			
Admitted Bodies Report	London Borough of Barnet Pension Fund - Admitted Bodies update report	Chief Executive / Section 151 Officer	Service Delivery Manager (Pensions) Capita Employee Benefits
Barnet Council Pension Fund Performance - Quarterly report	This report encloses the report on Barnet Council Pension Fund Performance for the previous Quarter	Head of Governance	Head of Treasury CSG
Pension Fund Investment Strategy	Report providing further information on revisions to the Pension Fund Investment Strategy	Chief Executive / Section 151 Officer	Head of Treasury CSG
Review of LPGS Governance Reports	To review LGPS governance reporting compliance	Chief Executive / Section 151 Officer	Head of Treasury
Scheme administration compliance	To note report on scheme administration	Chief Executive / Section 151 Officer	Service Delivery Manager (Pensions) Capita Employee Benefits

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	<p>Pension Fund Committee</p> <p>31 October 2016</p>
<p style="text-align: right;">Title</p>	<p>Update on Admitted Bodies Organisations</p>
<p style="text-align: right;">Report of</p>	<p>Interim Chief Executive</p>
<p style="text-align: right;">Wards</p>	<p>N/A</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix 1 – Admitted Bodies Monitoring Sheet</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Karen Scott, Service Delivery Manager, Capita Karen.scott2@capita.co.uk 07785 454929</p>

<p>Summary</p>
<p>This report updates the Committee on the admitted bodies participating in the Local Government Pension Scheme administered by the London Borough of Barnet .</p>

<p>Recommendations</p>
<ol style="list-style-type: none"> 1. That the Pension Fund Committee note the update to the issues in respect of admitted body organisations within the Pension Fund, as detailed in Appendix 1. 2. That the Pension Fund Committee approve the two new Admitted Bodies to the Fund, namely Allied Healthcare 2 and Aquaflo.

1. WHY THIS REPORT IS NEEDED

- 1.1 The report is to update the Pension Fund Committee on the current position in relation to admitted bodies to the London Borough of Barnet Pension Fund.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Allied Healthcare 2: the London Borough of Barnet has re-procured the Home Care Services contract; this element relates to the healthcare contract.
- 2.2 Aquaflo: the London Borough of Barnet has re-procured the Home Care Services contract; this element related to the enablement contract.
- 2.3 In accordance with the Best Value Authorities Staff Transfer Direction 2007, issued under s.101 of the Local Government Act 2003, former Council employees must be offered the same pension benefits and rights or a Government Actuary Department approved broadly comparable scheme. Allied Healthcare 2 and Aquaflo have opted to offer the same pension rights and have asked to become admitted bodies. The Committee is asked to approve this subject to the providers detailed above putting the appropriate bond in place.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not applicable

4. POST DECISION IMPLEMENTATION

- 4.1 Once any recommendations in terms of admitted bodies have been approved, the Pension Fund will take appropriate action to update records and obtain bond information.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 To maintain the integrity of the Pension Fund by monitoring of admitted body organisations and ensuring all third parties comply fully with admission agreements and bond requirements. This ensures that pension fund liabilities are covered by the responding admitted bodies; this in return protects Barnet's liabilities and supports the Council's corporate priorities as expressed through the Corporate Plan.

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

- 5.2.1 Appendix 1 notes the bond levels required for each admitted body which will act as guarantee for the Pension Fund liabilities.
- 5.2.2 All organisations that have been paying their contributions in a timely way in line with the terms of their admittance to the Pension Fund have been rated

green in Appendix 1 apart from the newest admissions that are in the process of setting up payments.

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

5.4.2 With respect to an admission agreement, the Regulations further provide for an assessment of the level of risk arising on premature termination of the provision of the service or assets by reason of insolvency, winding up or liquidation of the admission body. The assessment must be with the benefit of actuarial advice and, where the level of risk is such as to require it, the transferee admission body shall enter into an indemnity or bond to meet the level of risk identified. However, the Regulations do allow in some circumstances for the scheme employer to act as guarantor.

5.4.3 The Council's standard admissions agreement makes provision for the admitted body to maintain a bond in an approved form and to vary the level of risk exposure under the bond as may be required from time to time.

5.4.4 Under the Council's Constitution, Part 15 – Responsibility for Functions, one of the Pension Fund Committee's functions is to "approve applications from organisations wishing to become admitted bodies into the Fund where legislation provides for discretion, including the requirements for bonds."

5.5 Risk Management

5.5.1 The ongoing viability of the Pension Fund is dependent on maximising contributions to the Fund. All admitted bodies are subject to actuarial assessments and are reviewed to ensure compliance with admissions agreements and maintenance of appropriate employer contribution levels in order 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 and bond agreements are not sufficiently robust. Monitoring arrangements are in place to ensure that admissions agreements and bonds (where relevant) are in place and that bonds are renewed, as appropriate, during the lifetime of the relevant admission agreement.

5.6 Equalities and Diversity

- 5.6.1 Ensuring the long term financial health of the Pension Fund will benefit everyone who contributes to it. Access to and participation in the Pension Fund is open to those with and those without protected characteristics, alike, provided that the criteria set out within the relevant Regulations are met.

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.

The broad purpose of this duty is to integrate considerations of equality into day to day business and keep them under review in decision making, the design of policies and the delivery of services

5.7 Consultation and Engagement

- 5.7.1 Not Applicable

5.8 Insight

- 5.8.1 Not applicable

6. BACKGROUND PAPERS

- 6.1 None.

Admitted Body Monitoring Spreadsheet

Appendix 1

Admitted Body	No of Active Employees on Transfer	Start Date	Bondsman	Bond Value (£000)	Bond Expiry Date	Bond Tag (red)	Pension Contributions on Time RAG	Comments
Housing 21 (2) New (employer 68)	56	06/09/2010	Barclays Bank	778	30/09/2015	NA	G	Housing 21 is no longer an admitted body in the fund from 01/08/2016. Currently confirming with the actuary whether a cessation calculation is required
Viridian Housing	11	22/04/2006	Euler Hermes UK	65	16/08/2016	R	G	Awaiting confirmation of agreed actuarial assumptions before bond value can be calculated
Fremantle Trust (2)	83	28/03/2014	Royal Bank of Scotland	770	27/03/2017		G	
Greenwich Leisure	22	31/12/2002	Zurich Insurance PLC	328	30/09/2017		G	

Admitted Body	No of Active Employees on Transfer	Start Date	Bondsman	Bond Value (£000)	Bond Expiry Date	Bond Tag (red)	Pension Contributions on Time RAG	Comments
Birkin Cleaning Services (St James Catholic)	6	24/10/2011	Technical & General Guarantee Company SA	13	30/08/2015	R	G	Actuary agreed to roll forward at same level as previous year and employer currently making the arrangements to renew the bond. The employer has confirmed that they are also finding it difficult to difficult to obtain a bond and are concerned about having to hold so much cash as they are a small business. Await actuarial report in terms of alternatives.
Mears Group	19	10/04/2012	Euler Hermes	320	30/09/2017		G	
NSL	31	01/05/2012	Lloyds TSB	412	30/04/2017		G	

Admitted Body	No of Active Employees on Transfer	Start Date	Bondsman	Bond Value (£000)	Bond Expiry Date	Bond Tag (red)	Pension Contributions on Time RAG	Comments
Music Service (BEAT)	2	01/03/2013	N/A	24	28/02/2016	R	G	The employer has confirmed that they are finding it difficult to difficult to obtain a bond and are concerned about having to hold so much cash as they are a small business. Await actuarial report in terms of alternatives.
Capita (NSCSO)	412	01/09/2013	Barclays Bank PLC	4,731	01/09/2017		G	
Capita (DRS)	261	01/10/2013	Barclays Bank PLC	3,813	01/10/2017		G	
OCS Group	13	31/05/2014	HSBC	102	31/05/2017		G	
Ridgecrest Cleaning	4	03/11/2014	HCC International	14	03/11/2017		G	

Admitted Body	No of Active Employees on Transfer	Start Date	Bondsman	Bond Value (£000)	Bond Expiry Date	Bond Tag (red)	Pension Contributions on Time RAG	Comments
Green Sky (2)(Claremont School)	4	19/01/2015	TBC	23		R	G	The employer has confirmed that they are finding it difficult to difficult to obtain a bond and are concerned about having to hold so much cash as they are a small business. Await actuarial report in terms of alternatives.
Hartwig	1	23/06/2014	N/A	N/A	N/A	NA	G	Liabilities retained by LBOB - no bond required
Allied Healthcare	4	23/06/2014	N/A	N/A	N/A	NA	G	Liabilities retained by LBOB - no bond required
Absolutely Catering (Queenswell School Catering Contract)	1	01/09/2015	TBC	17	01/09/2018	R	G	Actuarial report has been provided to the provider, awaiting admission agreement and bond details. Last chased 13/10/2016.

Admitted Body	No of Active Employees on Transfer	Start Date	Bondsman	Bond Value (£000)	Bond Expiry Date	Bond Tag (red)	Pension Contributions on Time RAG	Comments
Green Sky (3) (St Michaels School cleaning contract)	5	01/09/2014	TBC	16		R	G	The employer has confirmed that they are finding it difficult to difficult to obtain a bond and are concerned about having to hold so much cash as they are a small business. Await actuarial report in terms of alternatives.
Absolutely Catering (2) (St James' Catholic School) (previously on report as Brookwood)	8	01/01/2016	TBC	33	01/01/2019		G	The actuarial report has been submitted to the provider and action is being taken to secure the bond. Last chased 13/10/2016.

Admitted Body	No of Active Employees on Transfer	Start Date	Bondsman	Bond Value (£000)	Bond Expiry Date	Bond Tag (red)	Pension Contributions on Time RAG	Comments
Servest (Henrietta Barnet School)	1	01/10/2015	TBC	7	01/10/2018	R	G	The actuarial report has been submitted to the provider and action is being taken to secure the bond. We have been advised both documents are currently with Servest's legal advisor and that completed documents will be received by 30/11/2016.
ISS (Education and Skills – LBOB Catering)	233	01/04/2016	NA	No Bond required LBOB guarantor	NA	NA	G	Final report provided and forwarded to provider. Awaiting signed admission agreement but backdated contributions have been received.

Admitted Body	No of Active Employees on Transfer	Start Date	Bondsman	Bond Value (£000)	Bond Expiry Date	Bond Tag (red)	Pension Contributions on Time RAG	Comments
Cambridge Education (Mott Macdonald) (Education and Skills LBOB non-catering)	113	01/04/2016	NA	No Bond required LBOB guarantor	NA	NA	G	Admission agreement received and returned for amendments
Hestia (Domestic violence service)	1	18/04/2016	TBC	£15K	TBC	R	G	Actuarial report has been provided to the provider. Awaiting admission agreement and bond details, last chased 13/10/2016
Allied Healthcare 2 (Home Care Procurement – Healthcare)	5	01/08/2016	NA	No Bond required LBOB guarantor	NA	R	G	Admission agreement and bond currently being prepared by legal advisor
Aqualfo (Home Care Procurement – Enablement)	31	01/08/2016	TBC	£572K	TBC		G	Admission Agreement currently being prepared by legal advisor

For information only (current activities)

Street Scene

We have been made aware there is a possible large re-procurement (500+ members) named Street Scene. We are currently working with LBOB to obtain member information; once this is received we will need to calculate pension liabilities for these members.

Leisure Contract Management Operator

At initial stage, effective from 1/1/2018 (8 members). Currently waiting for member data to then calculate pension liabilities.

	<h2>Pension Fund Committee</h2> <h3>31 October 2016</h3>
<p style="text-align: right;">Title</p>	<p>Training Policy and Knowledge Understanding and Skills Framework</p>
<p style="text-align: right;">Report of</p>	<p>Chief Executive Officer/Chief Finance Officer</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix 1: Knowledge and Skills Framework for Members of Pension Fund Committee Core Areas</p> <p>Appendix 2 Local Pension Boards: a technical knowledge and skills framework learning needs analysis and training requirements (to follow)</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Iain Millar Iain.Millar@barnet.gov.uk 0208 359 7126</p>

<h2>Summary</h2>
<p>This report sets out a training policy for the Pension Fund Committee applicable to both the Members of the Pension Fund Committee and the Local Pension Board and to officers responsible for supporting the Fund</p>

<h2>Recommendations</h2>
<p>That the Pension Fund Committee is requested to consider this report and to agree:</p> <ol style="list-style-type: none"> 1. To adopt the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills and the CIPFA Pensions Knowledge and Skills Framework and 2. That a proposed programme of training and development is presented to the next meeting of the Pension Fund Committee

1. WHY THIS REPORT IS NEEDED

- 1.1 To ensure that all members and officers involved in Pension Fund decisions are adequately trained to meet the requirements of the Public Service Pensions Act 2013 and the Pensions Regulator Code of Practice 14, April 2015 Governance and administration of public service pension schemes and to ensure governance compliance in the Fund Annual Report and financial statements.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Formal adoption of a Public Service Pensions Knowledge and Skills Framework and Code of Practice is the basis for the training and development of members and officers involved in Pension Fund finance matters.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The CIPFA Knowledge and Skills Framework is public sector specific. There is no suitable alternative.

4. POST DECISION IMPLEMENTATION

- 4.1 Following the meeting, officers will follow up with members to capture feedback from a self-assessment process. An annual report on training will be considered by the Pension Fund Committee and Pension Board in future to ensure that training needs are assessed regularly and training arrangements are developed.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills and CIPFA's supporting framework, promotes good governance and the effective management and administration of the Pension Fund.

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

- 5.2.1 Arrangements for regular training of members and officers are in place with training delivered and available through a number of means: including online training on the Pensions Regulator website; external seminars and events; training delivered as Committee agenda items and other briefings and research reports. The costs of training and development are met from the Pension Fund.

The CIPFA Code and Framework

- 5.2.2 In order to ensure that all members and officer involved in Pension Fund

decisions are adequately trained, CIPFA has developed a Public Sector Pensions Knowledge and Skills Framework to support the Code. The Code and Framework are seen as supporting the requirements of the Public Service Pensions Act 2013 and the Pensions Regulator Code of Practice 14 April 2015, Governance and administration of public service pension schemes

5.2.3 The CIPFA Framework supporting the Code is intended to have two primary uses:

- As a tool for organisations to determine whether they have the right skill mix to meet their schemes financial management needs
- As an assessment tool for individuals to measure their progress and to plan their development.

5.2.4 The Framework sets out six core areas of knowledge and skills for those involved in LGPS pensions finance (both members and officers):

- Pensions legislative and governance context
- Pensions accounting and accounting standards
- Financial services procurement and relationship management
- Investment performance and risk management
- Financial markets and product knowledge
- Actuarial methods, standards and practices

5.2.5 An extract of the competency assessment for members can be found in Appendix 1 and is further described at paragraph 5.2.10

5.2.6 The CIPFA framework recognises that all LGPS Funds will differ and each fund will wish to adapt the framework to suit their own requirements. The framework acknowledges that some Funds will choose to access certain types of expertise from external sources such as investment fund managers and investment advisers.

5.2.7 The key recommendations of the Code and Framework are:

- Formal adoption of the CIPFA Framework as the basis for training and development of members and officers involved in Pension Fund finance matters
- Disclosure within the Pension Fund Annual Report and Financial Statements how the framework has been applied, what assessment of training needs has been undertaken and what training has been delivered against the identified training needs.

Training Policy

5.2.8 Training needs will be assessed using the structure of the 6 core knowledge and skills areas set out at para 5.2.4 .Training needs assessment and delivery will be based upon a group (Committee and Pension Board) and an individual (member/officer) approach.

Group Needs and Training

5.2.9 Most aspects of training will be delivered on a group basis whether at Committee or Board meetings or through separate events to which all members will have the opportunity to attend. The training needs and assessment will reflect new developments and legislation, topical events and in response to member feedback and requests for specific training. Group training will be delivered in a variety of ways including:

- Reports and presentations Pension Fund Committee/ Pension Board
- Specific training sessions facilitated by officers or external visits/seminars/conferences visits with investment managers, advisors or national bodies such as CIPFA.
- Provision of research material/briefings/pension sector magazines etc.

Individual needs and training

5.2.10 To further support the identification of training needs and recognising some individuals may have some specific requirements, the CIPFA Framework provides for self-assessment to identify training needs.

- Appendix 1 provides further details of the six core competencies and members are asked to review this to self- assess any personal knowledge and skill requirements they feel they may have.
- a separate framework similar to Appendix 1 will identify any specific Individual Officer Training.

5.2.11 Members may wish to approach the head of treasury to discuss any individual queries or training needs they may have identified. It is important that members appreciate that an in-depth understanding of all the core knowledge areas is neither assumed nor necessary. In many cases what the framework expects is only an understanding and awareness of the area and knowledge of where more detailed knowledge could be sought . Members are not necessarily expected to have an in-depth knowledge of a matter.

5.2.12 Following the meeting, officers will follow up with members to capture feedback from the self -assessment process. An annual report on training will be considered by the Pension Fund Committee and Pension Board in future to ensure that training needs are regularly assessed and training arrangements developed.

Pension Board

5.2.13 The Pension Board has been established from 1st April 2015 under the provisions of section 5 of the Public Service Pensions Act 2013 and regulations 106 of the LGPS regulations 2013

5.2.14 The regulations require that Pension Board members must meet certain legal requirements that relate to knowledge and understanding. Members must

- have a working knowledge of the scheme rules and of any Policy document for the scheme
- have knowledge and understanding of the law relating to pensions

5.2.15 The Pension Regulator and CIPFA have produced material to assist with training needs assessment and the acquisition of the identified knowledge and skills that describe the following sections. Pension board members should take advantage of either or both of those learning resources if required to help ensure the attainment of the appropriate level of knowledge and understanding.

5.2.16 Following the meeting officers will follow up with members to capture feedback from a self-assessment process. An annual report on training will be considered by the Pension Fund Committee and Pension Board in future to ensure that training needs are regularly assessed and training arrangements developed.

The Pensions Regulator

5.2.17 The Pensions Regulator is the UK regulator of work-based pension schemes. The regulator works with trustees, employers, pension specialists and business advisors giving guidance on what is expected of them.

5.2.18 The principle aim of the Pensions Regulator is to prevent problems from developing. The regulator uses their powers flexibly reasonably and appropriately with the aim of putting things right and keeping schemes and employers on the right track for the long term.

5.2.18 The Pensions Regulator also provides training resources. On the pension regulator website there is a learning assessment tool available which is a useful resource to help Pension Board members identify any training requirements

<http://www.thepensionsregulator.gov.uk/public-service-schemes/knowledge-and-understanding-duty-on-board-members.aspx>

5.2.19 The Pensions Regulator also provides a free online learning programme called the Public Service toolkit which Pension Board members should complete unless equivalent training has already been completed.

<https://education.thepensionsregulator.gov.uk/login/index.php>

5.2.20 These resources are freely available to all members and officers

CIPFA Local Pension Board: A Technical Knowledge and Skills Framework (TKSF)

5.2.21 TKSF has been developed following the introduction of the Public Pensions Act 2013. This is an extension of the original CIPFA Knowledge and Skills framework which had to be revised to include specific reference to the knowledge and skills required by Pension Board members

5.2.22 TKSF is intended to have two primary uses

1. As a tool to help organisations establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support Pension Board Members
2. As an assessment tool for individuals to measure the progress and plan their development in order to ensure that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of a Pensions Board.

5.2.23 The TSKF covers 8 key areas

- pensions legislation
- pensions governance
- pensions administration
- pensions accounting and auditing standards
- pension services procurement and relationship management
- investment performance and risk management
- financial markets and products knowledge
- actuarial methods standards and practices

5.2.24 It is recommended that this framework is formally adopted by the fund to assist with planning and monitoring of training for Pension Board members.

5.2.25 Details of further training delivered will be recorded by officers and used for annual disclosure within the Pension Fund Annual Report in accordance with CIPFA Framework guidelines.

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 This report is based on compliance with the requirements of the Public Service Pensions Act 2013 and the Pensions Regulator Code of Practice 14, April 2015: Governance and administration of public service pension schemes as set out in the body of the report.

5.4.2 Constitution- Under Part 15, Annex A, Responsibility for Functions one of the terms of reference of the Pension Fund Committee is 'To require that all voting members receive adequate training on matters relating to the operation of the Local Government Pension Scheme (LGPS) to enable the committee to

fulfil its fiduciary responsibilities in a satisfactory manner.’

- 5.4.3 Under Part 15, Annex A Responsibility for Functions one of the terms of reference of the Pension Board, ‘The Pension Board is responsible for assisting with compliance with the requirements imposed in relation to the LGPS by the Pension Regulator.’

5.5 Risk Management

- 5.5.1 Developing knowledge and skills through the framework helps members and officers better understand the risks facing the pension fund so that controls and processes can be put in place to manage those risks.

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.

- 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 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 CIPFA Code of Practice: Public Sector Pensions Finance Knowledge and Skills
6.2 Pensions Regulator Website

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Appendix 1

Knowledge and Skills Framework for Members of Pension Fund Committee Core Areas:

It is important that members appreciate that an in-depth understanding of all the core knowledge areas is neither assumed nor necessary. In many cases what the framework expects is only an understanding and awareness of the area and knowledge of where more detailed knowledge could be sought. Members are not necessarily expected to have an in-depth knowledge of a matter.

1 Pensions Legislation and Governance Context

General Pensions Framework

A general awareness of the pensions legislative framework in the UK

Scheme specific legislation

- An overall understanding of the legislation specific to the scheme and the main features relating to benefits, administration and investment.
- An awareness of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and Local Government Pension Scheme (Administration) Regulations 2008 and their main features.
- An appreciation of LGPS discretions and how the formulation of the discretionary policies impact on the pension fund employers and local taxpayers.
- A regular updated appreciation of the latest changes to the scheme rules
- Knowledge of the role of the administering authority in relation to the LGPS.

Pensions regulators and advisors

An understanding of how the roles and powers of the Pensions Regulator, the Pension Advisory Service and the Pensions Ombudsman relate to the working of the scheme.

General constitutional framework

- Broad understanding of the role of the pension fund committee in relation to the fund, administering authority, employing authorities, scheme members and taxpayers
- awareness of the role and statutory responsibilities of the Chief Finance Officer and monitoring officer.

Pensions scheme governance

- an awareness of the LGPS main features
- Knowledge of the Myners principles and associated CIPFA and SOLACE guidance.

- A detailed knowledge of the duties and responsibilities of committee members
- Knowledge of the stakeholders of the pension fund and the nature of their interests.
- Knowledge of consultation communication and involvement options relevant to stakeholders

1. Pensions Accounting Standards

- Awareness of the Accounts and Audit regulations and legislative requirements relating to the role of the committee and individual members in considering and signing off the accounts and annual report.
- Awareness of the role of both internal and external audit in the governance and assurance process.

3 Financial Services Procurement and Relationship Management

Understanding public procurement

- Understanding of the background to current public procurement policy and procedures and the values and scope of public procurement and rules of key decision makers and organisations.
- A general understanding of the name public procurement requirements UK and EU legislation

Supplier risk management

- Awareness of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.

4. Investment Performance in this management

Total fund

- Understanding of the importance of monitoring asset returns relative to the liabilities and broad understanding of ways of assessing long-term risks.

Performance of advisers

- Awareness the Myners principles of performance management and the approach adopted by committee

Performance of the committee

- Awareness the Myners principles and the need to set targets for the Committee to report against them.

Performance of support services

- Awareness of the range of support services who supplies them and the nature of the performance monitoring regime

5. Financial markets and products knowledge

Investment Strategy

- Awareness of the risk and return characteristics of the main asset classes (equities and bonds)
- Understanding of the role of these asset classes in long-term pension fund investing

Financial markets

- Understanding the primary importance of the investment strategy decision.
- A broad understanding of the workings of the financial markets and of the Investment vehicles available to the pension fund and of the nature of the associated risks.
- An awareness of the limits placed by regulation on investing activities of local government pension funds.


Actuarial Method standards and practices

- Knowledge of the valuation process including developing the funding strategy in conjunction with the fund actuary and inter-valuation monitoring.
- Awareness of the importance of monitoring early and ill-health retirement strain costs.
- A broad understanding of the implications of including new employers into the fund and the cessation of existing employers

Outsourcing

- A general awareness of consideration in relation to outsourcing and bulk transfers.

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	<p>Pension Fund Committee</p> <p>31 October 2016</p>
<p style="text-align: right;">Title</p>	<p>Pension Fund Committee Forward Work Programme</p>
<p style="text-align: right;">Report of</p>	<p>Chief Operating Officer / Section 151 Officer (Interim)</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix A – Committee Forward Work Programme October 2016 - March 2017</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Salar Rida Salar.Rida@Barnet.gov.uk 020 8359 7113</p>

Summary

This report outlines the business which the Pensions Fund Committee is to consider and determine for 2016-17.

Recommendations

1. That the Committee note and comment on the items included in the Forward Work Programme Appendix A.

1. WHY THIS REPORT IS NEEDED

- 1.1 The Pension Fund Committee Work Programme 2016-17 indicates forthcoming items of business.
- 1.2 The work programme of this Committee is intended to be a responsive tool, which will be updated on a rolling basis following each meeting, for the inclusion of areas which may arise through the course of the year.
- 1.3 The Committee is empowered to agree its priorities and determine its own schedule of work within the programme.

2. REASONS FOR RECOMMENDATIONS

- 2.1 There are no specific recommendations in the report. The Committee is empowered to agree its priorities and determine its own schedule of work within the programme.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not applicable.

4. POST DECISION IMPLEMENTATION

- 4.1 Any alterations made by the Committee to its Work Programme will be published on the Council's website.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Committee Work Programme is in accordance with the Council's strategic objectives and priorities.

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

- 5.2.1 None in the context of this report.

5.3 Legal and Constitutional References

- 5.3.1 The Terms of Reference of the Pension Fund Committee is included in the Constitution, Responsibility for Functions.

5.4 Risk Management

- 5.4.1 None in the context of this report.

5.5 Equalities and Diversity

- 5.5.1 None in the context of this report.

5.6 Consultation and Engagement

5.6.1 None in the context of this report.

6. BACKGROUND PAPERS

6.1 None.

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London Borough of Barnet
Pension Fund Committee Work Programme
October 2016 - March 2017

Title of Report	Overview of decision	Report Of (<i>officer</i>)	Issue Type (Non key/Key/Urgent)
31 October			
Local Pension Board Budget 2016-2017	To note and approve the proposed Pension Board Budget for 2016-2017.	Interim Chief Executive (Director of Finance / Section 151 Officer)	Non – Key
Local Pension Board Report	To receive the report on the work of the Local Pension Board	Interim Chief Executive (Director of Finance / Section 151 Officer)	Non – Key
Knowledge and Understanding Policy and Training Plan	To approve the Knowledge and Understanding Policy and Training Plan.	Interim Chief Executive (Director of Finance / Section 151 Officer)	Non – Key
Barnet Council Pension Fund Performance for Quarter	That having considered the performance of the Pension Fund for the quarter, the Committee instruct the Chief Operating Officer and Chief Finance Officer to address any issues that it considers necessary.	Interim Chief Executive (Director of Finance / Section 151 Officer)	Non – Key
Update on Admitted Bodies Organisations	To note the updates on the Admitted Bodies participating in the Local Government Pension Scheme by the London Borough of Barnet.	Interim Chief Executive (Director of Finance / Section 151 Officer)	Non – Key
18 January 2017			
Barnet Council Pension Fund Performance for Quarter	That having considered the performance of the Pension Fund for the quarter, the Committee instruct the Chief Operating Officer and Chief Finance Officer to address any issues that it considers necessary.	Interim Chief Executive (Director of Finance / Section 151 Officer)	Non – Key

Subject	Decision requested	Report Of	Issue Type (Non key/Key/Urgent
Investment Strategy Statement	To approve Investment Strategy Statement	Interim Chief Executive (Director of Finance / Section 151 Officer)	Non-Key
Update Investment Strategy and asset allocation	To review asset allocation and revised investment strategy.	Interim Chief Executive (Director of Finance / Section 151 Officer)	Non-Key
2016 Actuarial Valuation	To note progress on actuarial valuation	Interim Chief Executive (Director of Finance / Section 151 Officer)	Non-Key
Review of Pension Fund Risk Register	To review the risk register and to instruct the Chief Operating Officer and Chief Finance Officer to address any issues that considers necessary.	Interim Chief Executive (Director of Finance / Section 151 Officer)	Non-Key
14 March 2017			
Barnet Council Pension Fund Performance for Quarter	That having considered the performance of the Pension Fund for the quarter, the Committee instruct the Chief Operating Officer and Chief Finance Officer to address any issues that it considers necessary.	Interim Chief Executive (Director of Finance / Section 151 Officer)	Non – Key
Pension Fund Performance – impact of Brexit	That the Committee consider the update report which sets out the impact that Brexit has had on the performance of the Pension Fund.	Interim Chief Executive (Director of Finance / Section 151 Officer)	Non-Key
2016 Actuarial Valuation	To approve 2016 actuarial valuation recommendations	Interim Chief Executive (Director of Finance / Section 151 Officer)	Non-Key

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