

Decisions of the Pension Fund Committee

9 September 2019

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

John Marshall
Anthony Finn

Anne Hutton
Alison Moore
Arjun Mitra (substitute
for Cllr Rich)

Also in Attendance
Professor Geoffrey Alderman – Chairman of the Local Pensions Board

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

The Chairman requested that the spelling of Councillor John Marshall's name in the minutes be corrected.

The Chairman noted that Councillor Alison Moore's Members Item from the last meeting would be revisited at item 9.

Councillor Anne Hutton noted a minor typo within the minutes. She also noted that the public comment made by Mr Ben Samuels resolved that an item be report to the Committee. The Head of Treasury and Pension, Mr George Bruce informed Members that the topic would be contained in a future training module.

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

An apology of absence was received from Councillor Danny Rich. Councillor Arjun Mitra was in attendee as a substitute Member.

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

Councillor Arjun Mitra declared a non-pecuniary interest in relation to items 9, 11 and 12 as he stated that he had a number of shareholdings that the Pension Fund invest in.

Councillor John Marshal declared a non-pecuniary Interest by virtue of being beneficiary of LGP Scheme and/or having shareholdings in a number of companies that the fund had invested in.

4. **PUBLIC QUESTIONS (Agenda Item 4):**

None.

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

None.

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

None.

7. 2019 TRIENNIAL VALUATION (Agenda Item 7):

The Head of Treasury and Pension, Mr George Bruce informed Members that the item be withdrawn because the Actuary was not in a position to report on the quality of the triennial valuation data.

Councillor Alison Moore noted that there should have been assumptions report submitted for consideration before the actual evaluation of the 2019 Valuation and the examination of data. She added that it was crucial that the Pension Fund Committee have the opportunity to consider the information and scrutinise the data. Mr George Bruce said that he would arrange a training session for Members in relation to this matter.

Resolved

- That the Pensions Fund Committee noted that the item be withdrawn because the report was not ready
- That the Pension Fund Committee noted that a training session be arranged to consider the assumptions of the 2019 evaluation of the 2019 Valuation

8. THE PENSION REGULATOR - IMPROVEMENT NOTICE (Agenda Item 8):

The Chairman welcomed the Chairman of the Local Pension Board, Professor Geoffrey Alderman.

The Head of Treasury and Pension, Mr George Bruce introduced the report. He summarised the contents of the Improvement Notice issued by The Pensions Regulator (TPR) on 25 July 2019 to London Borough of Barnet to address weaknesses in the processes and controls within the administration of the Barnet Pension Fund. He therefore informed Members that the report outlined the improvement and actions taken to respond to the Notice.

The Chairman of the Local Pension Board, Professor Geoffrey Alderman was welcomed to address the Committee. He outlined the role of the Local Pension Board and therefore stated that the Board had voiced concern in relation to data cleansing and Scheme employers. He said that the Local Pension Board was unimpressed that the External Auditor was not in attendance at the last Board meeting and therefore Board Members were not able to cross examine the report. Mr Bruce said the external auditor had agreed to attend the next meet of the Local Pension Board.

Councillor Alison Moore spoke in relation to the letter from the Pensions Regulator. She said that a high volume of cases and issue were outstanding, including the late circulation of Annual Benefit Statements to some Scheme Member. Councillor Moore acknowledged that a lot of work had taken place and stated that further work was still required to have a robust pension's administration service. Councillor Moore added that the Council should not have got into the situation and therefore questioned if there were enough resources in place to deliver the work in order to resolve the large number of open cases. Councillor Moore noted that a number of people had not received an annual benefit statement and requested that such Members be written to with an update.

Mr George Bruce responded to these points as did Mr Paul Faulkner who outlined that there were Scheme Members who had not received Annual Benefit Statements. Mr Faulkner said that extra resources had been deployed in order for work to be completed.

Councillor Alison Moore requested to know what the additional cost was in order for the extra resources. Mr Faulkner said that there was no intention to charge the Council for any deployment of resources. Councillor Moore sought clarity on the level of training that Capita staff received, Mr Faulkner said that all staff were trained appropriately, he added that the Capita had a experienced Local Government team in place.

The Committee outlined some concerns in relation to the late payment of contributions from employers. Professor Geoffrey Alderman asked on behalf of the Local Pension Board why financial penalties have not been implemented to employers that had not submitted information. The Director of Finance, Mrs Darr said that training was being provided and she noted that attention would be given for repeat offenders. It was noted that further informed would be provided. The Chairman requested that the Local Pension Board be updated in respect to this.

Councillor Moore said that an options paper should be submitted to the Policy and Recourse Committee. The Chairman requested that it be minuted that the Pension Fund Committee at its next meeting will consider the position which members duly noted.

Having considered the report the Committee:

Resolved

- The Pension Fund Committee noted the content of the response and the actions taken to comply with the Notice and the verbal update from officers.
- The Chairman requested that it be minuted that the Pension Fund Committee at its next meeting will consider the position of requesting that Policy and Recourses receive an options paper, members duly noted this.

9. INVESTMENT STRATEGY (Agenda Item 9):

The Committee noted that the report followed on from the investment strategy discussions at recent meetings and therefore the report provided an update on implementation of decisions made by the Committee and contains two recommendations in respect of private debt and currency hedging.

Mr Bruce that there was an error in the cover report. He said that the level of currency hedging was current below, and not above as suggested in the report, the 50% strategic level proposed by Hymans Robertson.

Investment Consultant Mr Nick Jellema from Hymans Roberts provided an update on the level of currency hedging with relation to the Fund's assets denominated in overseas currencies.

He requested that the Committee note that there has been a heightened level of volatility in the value of sterling ever since the 'Brexit' referendum and which he noted continued. Mr Jellema stated that the any adjustment to the level of currency hedging needed to be to be carefully considered in this context.

The Committee considered the report's recommendations. In doing there the committee discussed in length the currency Heage and the Fund exposure. The Committee also consider how the pound may react within the political climate as a result the Committee sought to limit risk against a weakening sterling. The Committee therefore considered it's hedging strategy and noted the advice provided.

Having considered the report the Committee:

Resolved:

1. That the Pension Fund Committee reconfirmed an investment of £30 million in the LCIV Global Private Debt Fund.
2. That the Pension Fund Committee agreed to a 55% strategic currency hedge, with implementation proposals of £20 million a week until the 55% had been reached
3. That the Pension Fund Committee agreed to delegate authority to the Finance Director to take actions to implement recommendations 1 and 2.

10. ADMISSION AGREEMENT (Agenda Item 10):

The Head of Treasury and Pensions, Mr George Bruce introduced the report. Mr Bruce gave an update on the outstanding admitted body and bond agreements, as well as bond renewals and cessation calculations, that need arranging.

Having considered the report the committee:

Resolved:

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

11. ANNUAL PERFORMANCE REPORT (Agenda Item 11):

The Head of Treasury and Pensions, Mr George Bruce introduced the report and summarised the factors behind the returns achieved by the Fund compared with the average local authority pension fund in recent years.

Having considered the report the committee:

Resolved:

That the Pension Fund Committee noted the performance of the Pension Fund as recorded in the PIRC universe.

12. QUARTERLY PERFORMANCE REPORT (Agenda Item 12):

Investment Associate Consultant Mr Yoel Deal from Hymans Roberts introduced the report. He outlined that the report summarised the Pension Fund investment managers' activity during the three months to 30 June 2019 together with fund manager performance in the quarter.

Having considered the report the committee:

Resolved:

- That the Pension Fund Committee noted the performance of the Pension Fund for the quarter to 30 June 2019.
- That the Pension Fund Committee noted the exempt information

13. WORK PROGRAMME (Agenda Item 13):

Mr George Bruce noted that the Council were intending to task Hymans Robertson with implementing a Members website. He added that this would be an improvement of the existing platform.

Resolved:

The Pension Fund Committee noted the Work Programme

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

None.

The meeting finished at 20:50