



Local Pension Board

10 February 2020

Title	Decisions made by the Pension Fund Committee
Report of	Director of Finance
Wards	n/a
Status	Public
Urgent	No
Key	No
Enclosures	None
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Summary

Part of the role of the Local Pension Board is to ensure the effective governance of the Pension Fund. This role is not clearly defined but is deemed to include considering whether the decision-making processes of the Pension Fund Committee are reasonable or appropriate i.e. soundly based, consider relevant information, are consistent with the objectives and policies of the Fund and are taken after considering appropriate advice. The paper considers recent decisions by the Pension Fund Committee and summarises the rationale, the processes followed and the link with policy documents and regulations.

Officer Recommendations

That the Local Pension Board notes the procedures applied by the Pension Fund Committee when reaching decisions at recent meetings and considers any issues associated with those procedures and decisions. The outcome of these discussions is to be reported back to the Pension Fund Committee.

1. WHY THIS REPORT IS NEEDED

- 1.1 The Board's role is to assist the administering authority in securing compliance with scheme regulations and other legislation relating to the governance and administration of the scheme and in ensuring the effective and efficient governance and administration of the LGPS for the LBB Pension Fund.
- 1.2 Part of the Board's role is to review the decision-making processes and ensure that these are soundly based, meet regulatory requirements and consider advice received as appropriate. While it is not appropriate for the Board to seek to replace its own judgments for those of the Pension Fund Committee, it is appropriate to review whether decisions have followed an appropriate process.
- 1.3 Since the last Local Pension Board meeting there has been one meeting of the Pension Fund Committee. The paper will highlight decisions made at these meetings.

Meeting 21 November 2019

- 1.4 The meeting was attended by Mr Jellema and Mr Deal of Hymans Robertson (investment Advisor) and officers from Governance and Finance.
- 1.5 Each of the agenda items for which a paper was presented is discussed below.

2019 Triennial Valuation

- 1.6 No valuation results were available for the meeting as the Actuary and officers continue to review the membership data and resolve inconsistencies between annual returns from employers and data extracts from the administration system. The Committee expressed concern at the delay and requested that the timing of the next meeting be advanced to allow sufficient time to scrutinise the valuation results. The Committee also delegated authority to the Director of Finance to circulate the Funding Strategy Statement to employers for comment.

The Pension Regulator Update

- 1.7 This agenda item was identical to the report made to the Local Pension Board on 19th November 2019 and discussed the Regulators response to the progress made in addressing the Improvement Notice and new issues identified and reported to the Regulator. Members of the Committee expressed their continuing concern at the level of errors identified and pressed for a report on future options to be considered by Policy and Resources Committee.

Admitted Body and Bond Status Update

- 1.8 The Committee was updated on progress to complete outstanding admission agreement, cessations and bonds. Although some progress had been made there was still a long-standing backlog of issues. The Committee noted the report and asked that progress be made before the next meeting.

Quarterly Investment Performance Update

- 1.9 Hymans Robertson summarised investment transactions and performance in the quarter. No issues with appointed managers were highlighted.

Investment Strategy

- 1.10 The Committee discussed ongoing recommendations from the 2018 review of investment strategy, in particular a recommendation supported by Hymans Robertson to invest 5% (£60 million) into the LCIV Emerging Market Equity Fund. Following discussion on timing it was agreed that the investment would be made in three tranches spanning six months to reduce the risk of unfavourable timing of purchases. The first tranche has been made and the second is due in February. It was noted that the LCIV had postponed the opening of their private debt fund as the external manager, Ares, had resigned.

Responsible Investing

- 1.11 The report followed on from a training session for Committee and Board members. Members were supportive of further consideration being given to incorporating responsible (environmental, social and governance) themes into the investment strategy and agreed to officers undertaking a survey to determine the areas on which a consensus could be reached.

Review of the Performance of Advisors

- 1.12 The Committee discussed the services received from the various advisors and service providers. It was noted that these appointments are periodically renewed. The Committee discussed at length the position of its independent advisory providers. The Committee noted that a tender for any new contractors would be implemented in 2020 and identified feedback to be given to the providers.

Pension Fund Costs and Expenses

- 1.13 Details of fund costs and expenses in the six months to 30 September 2019 were considered. The Committee asked officers to ensure maximum transparency from fund managers.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Local Pension Board may wish to review Pension Fund Committee decision making procedures as part of its role in assisting the administering authority on ensuring good governance.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 N/A. The paper does not propose particular options.

4. POST DECISION IMPLEMENTATION

- 4.1 Recommendations from the Board will be communicated to the next Pension Fund Committee meeting.

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 by assisting in maintaining the integrity of the Pension Fund through monitoring the administration and compliance of the Fund.

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

5.4 Legal and Constitutional References

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

5.4.2 This paper considers the governance arrangement of the LGPS pension scheme that form part of the remit of the Local Pension Board.

5.5 Risk Management

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

5.5.2 Good governance is essential to ensuring that risks are identified and managed.

5.6 Equalities and Diversity

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

5.6.2 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age,

disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality duty.

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

5.7 **Corporate Parenting**

5.7.1 N/A

5.8 **Consultation and Engagement**

5.8.1 The paper is part of the process of co-ordinating the activities of the Pension Fund Committee and Local Pension Board.

5.9 **Insight**

5.9.1 N/A.

6. **BACKGROUND PAPERS**

6.1 Papers and minutes of the Pension Fund Committee Meeting held on 21 November 2019.

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