



Local Pension Board

6 December 2021

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.

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. Should the Board wish to make any comments or recommendations, these will be brought to the attention of the Pension Fund Committee.
- 1.3 Since the last Local Pension Board meeting there has been one meetings of the Pension Fund Committee. The paper will highlight decisions made at this meeting.

Meeting 28 October 2021

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

Investment Strategy

- 1.6 There were two substantive resolutions and a number relating to future work. The substantive issues were to invest £30 million into the Fiera Real Estate Opportunities Fund V and to sell the holdings in the Alcentra Multi Asset Credit fund. Both were supported by Hyman's recommendations. Unusually, the decision to invest in Fiera was opposed by two members who were concerned with the complex structure of the investment despite Hymans additional assurances at the meeting. The investment was approved by a 3:2 majority and it was agreed that following completion of the legal review that the two dissenting members would be provided with a further update. The decision to sell Alcentra was based on a de-rating of the product by Hymans due to significant changes in senior staff at the fund manager and was unanimously approved.
- 1.7 The other decisions related to (1) a review of the bond / credit mandates for opportunities for further pooling, for which Hymans were asked to review two LCIV funds: Multi Asset Credit and Global Bonds, with the expectation of proposals to the December meeting to switch from existing managers into these two funds, and (2) to progress the Responsible Investment agenda by bringing back an action plan to become a signatory to the UK Stewardship Code and to undertake training in early 2022 on the requirements for reporting in accordance with the Taskforce on Climate Related Disclosures.

Administration Report

- 1.8 The Committee noted a report from officers that provided an update on the current administrator performance compared with service standards, member satisfaction levels, work outstanding, complaints received and progress on the data remediation plan. The agenda for the Board includes an update on the issues included in this report.

Admitted Body Status Report

- 1.9 A report on outstanding admission, cessations and bonds was discussed noting that progress on the backlog continued. An update was provided on one cessation in which further details were required of any outstanding obligations to the Council before a preliminary decision on dealing with the surplus could be made.

Approval of Contribution Policies

- 1.10 The Committee noted the results of the consultation on the three policies and approved the Exit Credit and Review of Contribution Rates Policies as previously drafted. However, they requested that additional flexibility be included within the Deferred Debt and Debt Spreading policy and a revised version will be tabled at the December meeting.

Good Governance Project

- 1.11 The Committee discussed the Scheme Advisory Board's report on actions required to enhance governance within the LGPS. This paper is on the Board's agenda. The Committee agreed that each recommendation should be investigated and requested that officers draft policies in accordance with the Scheme Advisory Board recommendations.

LCIV Update

- 1.12 The Committee noted that Council had agreed to sign an amendment to the London CIV Articles of Association and Shareholders Agreement to change the nature of the capital advanced from redeemable debt to equity to meet the requirements of the Financial Conduct Authority.

Pension Fund Performance for the quarter to 30 September 2021

- 1.13 The Committee received from officers a report that summarised the valuation of the fund as of 30 September 2021 and the transactions in the quarter. The timing of the meeting did not allow sufficient time for Hymans to report on fund performance although they discussed market developments and any significant fund manager developments.

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 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 Good management of the Pension Fund will minimise the cost of providing benefits thus enabling funds to be directed to Council priorities as set out in the Council's Corporate Plan for 2020-2025.

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. **ENVIRONMENTAL IMPACT**

6.1 N/A

7. **BACKGROUND PAPERS**

7.1 Papers and minutes of the three Pension Fund Committee Meetings discussed can be located at:

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=191&MId=10918&Ver=4>
