

Decisions of the Pension Fund Committee

11 January 2024

Cabinet Members:-

Members Present:

Cllr Simon Radford (Chair)
Cllr Anne Hutton (Vice-Chair)

Councillor Andreas Ioannidis Councillor Liron Woodcock-Velleman
Cllr Mark Shooter
Councillor Peter Zinkin (substituting for Cllr Elliot Simberg)

Apologies for Absence
Councillor Elliot Simberg

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

RESOLVED that the minutes of the meeting held on 29 November 2023 be agreed as a correct record.

Matters arising from the minutes.

- Item 7 Contribution Review

The Committee noted that their Actuary, Chief Executive, and Section 151 Officer were all present and took part in discussions whilst Item 7 Contribution Review was being considered. Officers advised that as a matter of practice only Member attendance was recorded in the minutes.

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

There were none.

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

Councillor Peter Zinkin declared a non-pecuniary interest by virtue of the fact that he had investments in Pensions which may be discussed by the Committee as part of the Investment strategy. The same declarations were made by all Members of the Committee.

Councillor Simon Radford declared an ongoing interest in that his employer receives donations from many financial firms which may be relevant to the Pension Fund, however he does not work in a business development role.

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

There were none.

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

There were none.

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

There were none.

7. INVESTMENT STRATEGY (Agenda Item 7):

The Finance Manager presented his report which provided a summary of the investment transactions made in the 3 months from October 2023 to December 2023, and an overview of the planned investment transactions in 2024. Members were informed that the transition from the Schroders Ltd Corporate Bonds to the LCIV Buy and Maintain Fund were underway and that the first transfer was made in December 23. The Committee was advised that all asset classes would continue to be monitored. Members were advised that Schroders Ltd had been helpful throughout the process and had a long working relationship with the Council. The Committee were informed that the decision regarding the transfer was due to Pooling and not the investment performance of the manager.

In response to questions officers advised that there were three separate Partner Funds, and these were named after their vintage year they were launched and that they were multi-Asset Credit Funds whose portfolio includes loans to midsize companies.

The Committee noted that recommendations on the report should read the investment transactions presented were for a period of 'three' months (rather than the four stated).

The Chair thanked Officers for their report.

RESOLVED

The Pension Fund Committee note the investment transactions that have occurred in the three months from 1st October to 31st December 2023, and the further planned transactions for 2024.

8. EXTERNAL AUDIT AND ACCOUNTS UPDATE (Agenda Item 8):

The Finance Manager presented his report which provided an update on the 2020/21 audit, and on the plan for the 2021/22 and 2022/23 audit and sought approval to publish the 2021/22 and views on whether it was appropriate to publish the 2022/23 Draft Annual Report based on current audit status. The Committee was advised that 2020/21 audit had not been completed and that BDO provided an update about its status at the Governance, Audit, Risk Management and Standards Committee in November 2023. There are no outstanding pension-related issues for the 20/21 audit. The Audits for 2021/22 and 2022/23 would start after the completion of the current audit.

Members noted that the position relating to audits was confusing and asked Officers to provide a summary that set out the timing for conducting the outstanding audits **(ACTION)**

Officers advised that the publication deadline for their Annual Report for 2021/22 and 2022/23 had been missed and this was due to the delays with the 2020/21 audit. Officers

advised that the Draft Annual Report for 2022/23 did not have audited opening or closing positions.

Following discussions Members agreed that their Annual Report should be published despite the audit status of their accounts. Members agreed that their report should indicate which accounts were unaudited and that relevant pages should be watermarked (**ACTION**). The Committee noted that there had been several changes to their chairpersonship and that legal advice would be sought on which Chair should sign off each Report (**ACTION**). Members agreed that the future Annual Reports (from 24/25) should contain a foreword by the relevant Chair and include an executive summary. (**ACTION**).

Officers advised that the Pensions Fund Annual Reports Accounts would be updated once the Fund's accounts were audited. Members noted that their Annual Report potentially attracted a wide readership and was also potentially a good communication tool. Members commented that different topics would be of interest to various individuals and these included ESG Reporting and NetZero. Officers agreed to review the Annual Report's format.

RESOLVED

1. That the Pension Fund Committee noted the update on the 2020/21 audit, and the plan for the 2021/22 and 2022/23 audit, and to identify matters that the Committee wish to bring to the attention of the auditor.
2. That the Pension Fund Committee approved the 2021/22 Draft Annual Report to be published.

9. POOLING UPDATE (Agenda Item 9):

The Head of Pensions and Treasury presented his report which provided an update on pooling, namely the Government's response to the LGPS Investment Consultation published on 22 November 2023. The Committee noted that the Government's target for liquid assets to be transferred to a Fund's Pool by 31 March 2025 was to remain. A plan needs to be in place for the transition of assets by 2025.

The Committee were reminded that the Government had an ambition for 5% of Assets to be allocated to 'levelling up' and 10% towards private equity. Members noted that the responsibility of setting the investment strategy of Funds would continue to remain with Pension Fund Committees. Officers relayed that the Committee should welcome government guidance on how to proceed with Levelling Up and Private Investments and that this provided a potentially exciting area of investment for the Fund. The Committee noted that their Fund portfolio was in a good position to meet the Government's requirements for Pooling.

Officers advised that a plan would be devised which sets out all the actions that would be taken for the Fund to comply with the Government's Pooling response (**ACTION**). The Committee were informed that assets would not be sold below their market value to meet the Pooling requirements and Funds are given provisions to explain why they haven't complied with the DULUC mandate pooling requirements in some areas.

Officers advised that concerns regarding ‘concentration risks’ with Pooling had been raised as part of the consultation response and this was largely in relation to governance structures, but this point had not been addressed in the Government’s response.

RESOLVED

That the Pension Fund Committee noted the importance of pooling and the update provided by Officers.

10. RESPONSIBLE INVESTMENT UPDATE (Agenda Item 10):

The Head of Pensions and Treasury and the Finance Manager presented their report which provided an update on the actions taken to further progress the Fund’s NetZero Strategy. Officers have specifically investigated what a “Paris-Aligned” Fund means in practice and the options to pursue this type of Fund for the equity holdings. Officers have started to explore Nature-Based Assets in partnership with the London.

The Committee noted that the Carbon Credits market was undeveloped. Given that Carbon Credits was a potential by-product of Nature-Based investments, any risks associated with Carbon Credits would need to be understood before any investment decision based on Carbon Credits was taken.

The Committee were recommended to watch a video produced by the London CIV on ‘natural capita’ and advised that the series provided useful information and requested to build their knowledge in this field. **(ACTION)**

RESOLVED

The Committee noted the contents of this report and the progress made towards NetZero.

11. POLICIES AND PROCEDURES REPORT (Agenda Item 11):

The Pensions Manager presented his report which provided an update on the policies and processes for the Barnet Pension Fund, along with the dates for review, which will be followed by review and approval by the Committee.

The Committee was reminded that their Contribution Review Policy was being reviewed and consulted on and would be discussed at their next meeting. The Communication Engagement Policy has also been updated.

RESOLVED

The Pension Fund Committee noted the policies and processes and the dates for future review.

12. ADMINISTRATION PERFORMANCE REPORT AND UPDATE ON OTHER ADMINISTRATION AND LEGISLATIVE MATTERS (Agenda Item 12):

The Pensions Manager presented his report which provided an update on the current administration performance by West Yorkshire Pension Fund (WYPF), along with updates on other administration and legislative matters. Officers advised that a Stage 2 IDR Case had been awarded £2000 compensation since the compiling of their report

and this related to long standing maladministration that occurred over a period of six years. The Scheme Member was also reimbursed the tax charges they incurred due to the maladministration. The amount awarded was reviewed to be appropriate and complied with the Pension Ombudsman Non-Financial Injustice Guidelines. The IDRPs case would be included in the next Report (**ACTION**)

RESOLVED

1. That the Pension Fund Committee noted the current performance levels by WYPF and updates on other administration and legislative matters.
2. That the Pension Fund Committee approved the new draft Communication and Engagement Policy attached in Appendix A.

13. KNOWLEDGE AND UNDERSTANDING (Agenda Item 13):

The Pensions Manager presented his report which summarised the actions that will be taken by the LBB Pensions Team to keep records of any training that the Board and Committee undertake and provided details of the expectations regarding training.

RESOLVED

1. That the Pension Fund Committee noted the contents of this report.
2. That the Pension Fund Committee noted the training options available as set out in Appendix A.
3. That the Pension Fund Committee noted the LBB Pensions Team recommendation that the Pension Fund Committee members complete the LGPS Online Learning Academy (LOLA) training by 31 March 2024.

14. PENSION FUND COMMITTEE WORK PROGRAMME (Agenda Item 14):

The Governance Officer talked through the Work Programme.

RESOLVED

That the Committee noted their Work Programme for 2023 to 2024.

15. ADMISSIONS, CESSATIONS AND BOND STATUS UPDATE (Agenda Item 15):

The Pensions Manager presented his report which provided a status update on the outstanding admissions, cessations, and bond agreements/renewals. The Committee was advised that the new Admission Policy had been forwarded to schools for consideration and comments. There would also be a webinar set up in February for schools which would enable them to address any points regarding the new Policy. The New Policy would come into effect this April.

The Committee considered Appendix D in exempt session.

RESOLVED

1. That the Pension Fund Committee noted the progress on outstanding admissions, cessations and bond agreements/renewals.
2. That the Pension Fund Committee approved the recommendation by the LBB Pensions Team in relation to the admission of Sancroft Community Care into the Barnet Pension Fund, as detailed in Appendix D.

16. PENSION FUND INVESTMENT PERFORMANCE REPORT (Agenda Item 16):

Due to technical problems with the broadcast the Chair agreed for the Pensions Committee to adjourn at 20.33Hrs. The Committee resumed at 20.40Hrs.

The Finance Manager presented his report which provided an update on investment valuations, transactions, and performance to 30 September 2023 with an updated estimated valuation to 30 November 2023. This report also provided an update on the performance of the Fiera Real Estate Fund and LCIV Sustainable Equities Exclusion Fund. The Committee also received an update by Hymans Robertson regarding performance of the markets and its effects on assets.

The Committee held a discussion regarding the underperformance of the London CIV Sustainable Exclusion Global Equity Fund and noted that it was significantly below the Market Cap Benchmark. Officers advised that the London CIV were scheduled to provide feedback about its performance and informed that representatives were unable to join the meeting virtually due to technical difficulties. Members agreed that it be communicated to the London CIV their concerns regarding the poor performance of Fund, that information be sought on how the Fund Managers were evaluated and monitored, and how the manager had justified their strategies and priorities regarding the Mandate. **(ACTION)**

The Committee received feedback on the meeting with Fiera Real Estate Fund and was advised that a programme for learning more about our Fund Managers during the next 12 months was being devised, with Managers being invited to present at Committee meetings or share additional information when relevant.

RESOLVED

That the Pension Fund Committee noted the investment activities and performance of the Pension Fund to 30 November 2023.

17. MOTION TO EXCLUDE PRESS AND PUBLIC (Agenda Item 17):

A motion was moved to discuss exempt appendices in private session.

18. ANY ITEM(S) THAT THE CHAIRMAN DECIDES IS URGENT (Agenda Item 18):

The Chair thanked colleagues for their contributions and response to consultations on the revised Pensions Contribution Policy and attendance at Extraordinary Pensions Fund Committees

Councillor Peter Zinkin was thanked for his input to the process.

The meeting finished at 9.20 pm

