

MINUTES OF INFORMAL MEETING OF PENSIONS COMMITTEE

Wednesday, 15 September 2021
(7:00 - 8:20 pm)

Members Present: Cllr Kashif Haroon (Chair), Cllr Foyzur Rahman (Deputy Chair), Cllr Rocky Gill, Cllr Mick McCarthy and Cllr Tony Ramsay

Observers Present: Susan Parkin

Advisors Present: Nicholas Jellema

Apologies: Cllr Amardeep Singh Jamu, Cllr Dave Miles and John Raisin

10. Training

Prior to the formal business, Members received a training session delivered by representatives by ABRDN (previously Aberdeen Standard) on diversified alternatives, namely Hedge Funds and Private Equity.

11. BDO Audit Update

The Committee received and noted a verbal update from Satinder Jas, BDO, the Council's external auditors, regarding the continuing reasons for the delay in completing the Council's Pension Fund Accounts for 2019/20.

On a related issue, the Investment Fund Manager (IFM) also reported that BDO were, due to unforeseen circumstances brought about by Covid and other factors, seeking to justify an increase in its annual audit fee from £16,000 to circa £32,000.

The Committee recorded its disappointment regarding the ongoing delays in BDO signing off the accounts for 2019/20 and supported the view of the IFM that an increase to the annual audit fee should be robustly resisted.

12. Declaration of Members' Interests

There were no declarations of interest.

13. Minutes (16 June 2021)

The minutes of the informal meeting held on 16 June 2021 were noted.

14. Pension Fund Quarterly Monitoring - April to June 2021

The report introduced by the Pension Fund Accountant provided information for the Committee, employers and other interested parties on how the Fund had performed during the quarter ("Q2") - 1 April to 30 June 2021 together with an update on the Fund's investment strategy and performance. It included a verbal update from the Investment Fund Manager on the unaudited performance of the Fund up to 31 August 2021.

The Committee **noted**:

- (i) The progress on the strategy development within the Pension Fund;
- (ii) The daily value movements of the Fund's assets and liabilities outlined in Appendix 1 to the report; and
- (iii) The quarterly performance of pension funds collectively and of fund managers individually.

15. Administration and Governance Report

The Pension Fund Accountant updated the latest administrative and governance issues relating to the Pension Fund.

The Committee **noted**:

- (i) The Independent Advisor's written LGPS update, which included details of the awaited Government consultations on Investment Pooling Guidance and the Task Force on Climate Related Financial Disclosures; the Pension Regulator's consultation on a new Code of Practice; and the proposed increase in the Normal Minimum Pension Age from 6 April 2028;
- (ii) That the Fund was cash-flow positive;
- (iii) The Pension Fund budget 1 April 2020 to 31 March 2024;
- (iv) The London Collective Investment Vehicle (LCIV) update;
- (v) The Pension Administration Software Tender update;
- (vi) The cancellation of the Annual Stakeholder meeting in 2021 with proposals to hold an online meeting in 2022; and
- (vii) The Prudential Additional Voluntary Contribution (AVC) Review.

16. Business Plan 2021 Update

The Committee **noted** progress on the delivery of the 2021/22 Business Plan as set out in appendix 1 to the report.

17. Investment Strategy Review Update

The Investment Fund Manager presented a further update on the progress made following the strategy review carried out by Hymans Robertson in September and December 2020. Consequently,

The Committee **noted**:

- That following a decision taken at the last meeting officers had completed the increase in the allocation to BlackRock to £50m, through an in-specie transfer and purchase of units on the secondary market,
- Officers had negotiated a fee reduction of 0.35% from 1.03% to 0.68% effective from 1 July 2021,
- The training dates as outlined in section 3 which were agreed at the meeting in June 2021, and

- the Fund's funding level and performance as outlined in section 4 and the Investment Strategy update in section 5 of the report.

Further to Minute 9 (16 June 2021), the Committee noted that the return from the BlackRock strategy was made up of Market appreciation, rental income and now a fee rebate, currently distributed to the Fund on a monthly basis.

In view of the value of the rebate and rental, it was **recommended** that the Investment Fund Manager be authorised to top-up the Fund's investment with BlackRock from rental and rebate distributions as deemed appropriate (i.e. when discounts are available on the secondary market), subject to remaining within the strategic allocation threshold.

(Note: The above recommendation was subsequently enacted by the Chief Executive acting under the provisions of paragraph 6.1(c) of Chapter 1, Part 3 of the Council Constitution.)