

MINUTES OF PENSIONS COMMITTEE

Wednesday, 17 March 2021
(6:00 - 6:40 pm)

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

Observers Present: Susan Parkin

Advisors Present: John Raisin and Nicholas Jellema

25. Declaration of Members' Interests

There were no declarations of interest.

26. Minutes (16 December 2020)

The minutes of the meeting held on 16 December 2020 were confirmed as correct.

27. *Independent Advisors Contract Renewal

The Investment Fund Manager introduced a report on the proposed renewal of the contract for the Council's Pension Fund's Independent Advisor (IA), which included a review of the current Independent Advisor's work during the past year.

The Committee resolved to **agree** to extend the appointment of John Raisin Financial Services Limited as the IA for the Council's Pension Fund for a further one-year period based on the job description included as Appendix 1 to the report.

**Item considered following the passing of a resolution to exclude the public and press due to the nature of the business to be discussed which included information exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).*

28. Pension Fund Quarterly Monitoring - September to December 2020

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 ("Q4") 1 October to 31 December 2020. It included a verbal update from the Investment Fund Manager on the unaudited performance of the Fund up to 16 March 2021. It was also noted that as of 31 December the Fund was 97.3% funded which was a healthy position given that 10 years ago it had fallen to around 75% funded.

The report included the Independent Advisor's summary of the effects of the global market during the period and detailed the overall performance of the Pension Fund collectively together with the performance of individual Fund Managers in Q4. The Fund's externally managed assets were valued at £1,255.59m, an increase of £92.32m from its value of £1,163.27m as at 30 September. The cash value held by the Council at 31 December was £13.67m, giving a total Fund value of £1,241.92m. This included a prepayment of £25m from the Council. Therefore, the net asset value as at 31 December after adjustment for the prepayment and short-term Council loan was £1,216.9m.

The report also provided an update on the Fund's Investment Strategy and performance. Consequently,

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 the performance of the fund managers' individually.

29. Actuarial presentation on funding levels by Barnett Waddingham

David Dickinson, Investment Fund Manager introduced Barry McKay a Partner at Barnett Waddingham (BW), who were appointed Actuary to the Council's Pension Fund in June 2020.

He provided a brief background to BW who currently act as Actuaries to 27 LPGS funds. He outlined the method used to calculate the assets and liabilities of the Fund and provided a funding update as of 28 February 2021 setting out the valuation, process and long-term assumptions based on the last formal valuation of the Fund carried out by Hymans Robertson, the previous Actuary in March 2019.

The Committee **noted** the presentation.

30. Administration and Governance Report

The Pension Fund Accountant updated the latest administrative and governance issues relating to the Pension Fund, which covered the following areas:

- i. A Performance Review of the Fund's appointed investment consultants, Hymans Robertson, against the agreed strategic objectives during the period to 9 December 2020, and which was detailed in a confidential appendix to the report,
- ii. The Pension Fund Prepayment Options as set out in Section 2 of the report,
- iii. A Compliance Statement which was submitted to the Competition and Markets Authority on 5 January 2021,

- iv. The Pension Fund negative cash flow to 31 December 2020,
- v. The Fund's three-year budget for the period 1 April 2020 to 31 March 2023, and
- vi. London CIV update

In noting the report the Committee **AGREED:**

That in order to allow the Fund to meet capital calls for infrastructure and fund Diversified Alternatives, a prepayment of pension contributions totalling £20m be made on 1 April 2021, and

The Strategic Objectives for the Fund's Investment Consultant for the period 10 December 2020 to 9 December 2021 which were detailed in the confidential appendix to the report.

31. Business Plan Update

We noted the progress of the Pension Fund's 2020/21 Business Plan. Appendix 1 provided a summary of the Business Plan actions from 1 January to 31 December 2020.

A Strategic Asset Allocation Review was being carried out by the Fund's Actuary and a full Business Plan for 2020/23 had been drafted alongside this. This set out the key tasks in respect to Pension Fund issues for 2021/22 which were agreed by this Committee in December 2020.

32. Funding Strategy Statement and Investment Strategy Statement

Following the triennial valuation, two key strategy documents, the Funding Strategy Statement (FSS) and Investment Strategy Statement (ISS) were required to be reviewed, updated and approved, the latter as part of a review of decision making within the Fund. These documents were updated to meet statutory requirements and guidance from the DCLG and the Scheme Advisory Board.

The FSS was summarised in the report, with the final Statement included as an appendix. The provisional ISS had been produced following the Strategic Asset Allocation Review by the Fund's Investment Advisor in April 2020 and was similarly set out in an appendix to the report.

Accordingly, the Committee **AGREED:**

The provisional ISS together with the updated FSS, in respect of which a 30-day consultation would take place with the Fund's Employers, with the final version to be approved by the Council's Finance Director in consultation with the Chair, and subject to the final approval by Members.