

MINUTES OF PENSIONS COMMITTEE

Wednesday, 16 June 2021
(7:00 - 8:06 pm)

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

Observers Present: Susan Parkin

Advisors Present: John Raisin and Nicholas Jellema

Apologies: Cllr Dave Miles

1. Declaration of Members' Interests

There were no declarations of interest.

2. Minutes (17 March 2021)

The minutes of the meeting held on 17 March 2021 were noted.

3. Council Pension Fund Accounts 2019/20- Update from BDO, Council's Auditors

The Committee received a verbal update from David Eagles of BDO, the Council's external Auditors, concerning the reasons for the delay in completing the Council's Pension Fund Accounts 2019/20.

The delays were principally due to a problem of available audit resources in the local government sector, as well as the fact that the Council's Accounts had only been signed off at the back end of last year and had led to more than expected resources from BDO, and which in turn had contributed to the delay in auditing the Pension Fund Accounts. Covid was also another factor insofar as auditors had not been able to conduct face to face activities. Also given the significant backlog of NHS audits these had been prioritised seeing they were due to be completed by the end of June 2021. The expectation was that the Council's Pension Accounts from 2019/20 would then be prioritised from July onwards.

4. Pension Fund Quarterly Monitoring - January-March 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("Q1") - 1 January to 31 March 2021. It included a verbal update from the Investment Fund Manager on the unaudited performance of the Fund up to 15 June 2021. By way of background, Hyman Robertson also presented the current markets' performances.

The Committee accordingly 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.

5. Draft Pension Fund Accounts 2020/21 - Update

The Committee noted the draft Pension Fund Accounts 2020/21. The deadline for their completion was 31 July 2021, and therefore they were still subject to change.

6. Application for Admitted Body Status - Caterlink Contract Gains

Further to Minute 6 (12 June 2019), the Committee received a report from the Pension Fund Accountant on an application from Caterlink for Admitted Body status to the Council's Pension Fund.

It was recommended that the application from Caterlink for Admitted Body status to the London Borough of Barking and Dagenham Pension Fund, in respect of its catering contract with Barking and Dagenham College, be approved as a 'closed' agreement.

(Note: This 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.)

7. Administration and Governance Report

The Pension Fund Accountant gave an update on the latest administrative and governance issues relating to the Pension Fund.

The Committee noted:

- (i) The Independent Advisor's LGPS update;
- (ii) That the Fund was cash-flow positive;
- (iii) The Pension Fund budget 1 April 2021 to 31 March 2024;
- (iv) The London Collective Investment Vehicle (LCIV) update; and
- (v) The McCloud Judgement update.

8. 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.

9. Investment Strategy & Structure Review - Update

The Investment Fund Manager presented an update on the progress made following the strategy review carried out by Hymans Robertson in September and December 2020. Since that review a number of issues had arisen concerning the performance of one of the Fund's Property Managers which had led to changes being made to the timetable for the strategy review.

The Committee noted the progress and issues identified in the report and presentation and supported the proposed actions.

The Committee also recommended that the following be approved:

- (i) In light of the winding up of the Schroder SIRE Fund, to increase the allocation to BlackRock to £50m through an in-specie transfer of circa £1.5m from the SIRE Fund and purchase of the remaining units (circa £10.3m) on the secondary market, as set out in paragraph 3.2, Option 1 of the report,
- (ii) To use the remaining cash balance from the SIRE Fund to reduce the overdrawn position of the Fund, and
- (iii) To amend the Fund's Strategic Asset Allocation for property from 5% to 4% and increase equities from 52% to 53%.

(Note: Recommendations (i) – (iii) were subsequently enacted by the Chief Executive acting under the provisions of paragraph 6.1(c) of Chapter 1, Part 3 of the Council Constitution.)