

MINUTES OF PENSIONS PANEL

Wednesday, 14 March 2018
(6:00 - 7:00 pm)

Members Present: Cllr Dominic Twomey (Chair), Cllr Faraaz Shaukat (Deputy Chair) and Cllr Edna Fergus

Observers Present: Susan Parkin

Advisors Present: John Raisin, Colin Cartwright and Joe Peach

Apologies: Cllr Sade Bright, Cllr James Ogungbose, Cllr Jeff Wade, Cllr John White, Dean Curtis and Gavin Palmer

30. Declaration of Members' Interests

There were no declarations of interest.

31. Minutes - To confirm as correct the minutes of the meeting held on 13 December 2017

The minutes of the meeting held on 13 December 2017 were confirmed as correct.

32. Independent Advisor

This report outlined the role of the London Borough of Barking and Dagenham Pension Fund's Independent Advisor. The report includes a review of the work the Independent Advisor's work during the past year.

The Panel welcome the input from the Independent Adviser, particularly as there would be a comprehensive training period following the local elections.

The Panel:

Agreed to extend agree to extend the Independent Advisors role, currently carried out by John Raisin Financial Services Limited, as the Panel's investment advisors for one year based on the revised job description included as appendix 1 of this report.

33. Pension Fund Quarterly Monitoring 2017/18 - October to December 2017

The report provided information for employers, members of London Borough of Barking and Dagenham Pension Fund ("the Fund") and other interested parties on how the Fund had performed during the quarter 1 October 2017 to 31 December 2017 ("Q4"). The report updated the Panel on the Fund's investment strategy and its investment performance. Due to the technical nature of this report, Appendix 2 provided a definition of terms used in this report and Appendix

3 set out roles and responsibilities of the parties referred to throughout this report.

A verbal update on the unaudited performance of the Fund for the period 1 January to 12 March 2018 was provided to Members at the Panel.

The Fund's externally managed assets closed Q4 2017 valued at £989.1m, an increase of £22.7m from its value of £966.4m as at 30 September 2017. The cash value held by the Council at 30 September 2017 was £7.9m giving a total Fund value of £997.0m.

For Quarter 4, the Fund returned 3.2%, net of all fees, outperforming its benchmark by 0.1% but underperforming the PIRC LGPS Universe (PIRC) by 0.8%. Over one year the Fund has returned 11.2%, outperforming its benchmark by 1.5% but underperforming PIRC by 0.6%. Over three years the Fund has outperformed its benchmark by 0.2%, with a return of 10.4% and has underperformed PIRC by 0.6%.

The GPMT provided a summary of the performance for each of the fund managers. He highlighted in particular:

-BlackRock would be invited to the next meeting to provide a presentation relating to the property market.

-M&G and Prudential- The GPMT was seeking clarification on these organisations splitting.

-Hermes- an update would be provided to the next meeting.

- BNY Standish- the name change would be clarified and an update would be provided to the next meeting.

Members noted the situation of the London CIV relating to fund managers.

The Panel 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; and
- (iii) The quarterly performance of pension funds collectively and the performance of the fund managers individually.

34. Administration and Governance report

It is best practice for Members to receive regular administration data and governance updates. Administration data includes cash flow, member numbers, governance and consultations. This report covered three main areas including:

- i. The London Collective Investment Vehicle (LCIV) update;
- ii. Actuary Contract Tender;
- iii. Pension Fund Budget 1 April 2018 to 31 March 2021;
- iv. Cash flow to 31 January 2018; and

v. Pension Fund Pre-payment Options.

The Panel noted the report and that there had been an independent governance review of the London CIV. London CIV were consulting all London boroughs on the way forward and the Council had responded back to them with comments. A further update on the London CIV would be submitted to the next meeting on 20 June 2018.

The Panel noted:

- i. That the Fund is cash flow positive;
- ii. The Fund's three-year budget for the period 1 April 2018 to 31 March 2021; and
- iii. That interview dates for the actuarial tender will now be in October 2018. If any Member would like to be on the selection panel, please can they advise the Group Manager for Treasury and Pensions.

The Panel agreed that the use of the £40m prepayment is split into:

- i. £10m retained for Working capital;
- ii. £30m retained for potential investment opportunities that arise from market corrections, through an increase in allocation to Diversified Growth or capital calls from infrastructure;
- iii. delegate authority to the Chief Operating Officer, in consultation with advisors and the Fund's Chair, to invest the £30m as investment opportunities arise within the market; and
- iv. for officers to arrange meetings for Members to meet the four diversified growth managers on the London CIV, with the potential to either increase the allocation to Diversified Growth or to restructure the Fund's current Diversified Growth Fund. The managers on the London CIV includes:
 - Newton;
 - Pyrford;
 - Ruffer; and
 - Baillie Gifford.

35. Application for Admitted Body Status - Home and Traded Services

At present, the Pension Fund has a number of Admitted Bodies, some of which have been members of the London Borough of Barking and Dagenham Pension Fund ("the Fund") for a number of years.

As Administering Authority, the Council cannot decline to admit a contractor if the contractor and the letting authority agree to meet the relevant requirements of the Local Government Pension Scheme (LGPS) regulations. In cases where the requirement of the LGPS regulations have been met, the Pension Panel can agree to retrospectively agree an admission agreement.

At the March and June 2017 Pension Panel meetings, Members were advised that the Council was looking to create several different service delivery vehicles including, transferring its Leisure Services and establishing a company, Be First, to manage the implementation of its investment and regeneration strategy. In addition, a number of Traded Services will be set up.

The Panel were asked to consider the application for Admitted Body status from Home and Traded Services(H&Ts) to the Local Government Scheme (LGPS).

The Panel agreed:

The application for Admitted Body Status by Home and Traded Services on 1 April 2018, as a 'closed' agreement.

36. Admitted Body Agreement- Schools Improvement Partnership

The Panel were asked to consider the application for Admitted Body status from School Improvement Partnership (SIP) to the Local Government Scheme (LGPS). This was similar to the previous report on Home and Traded Services.

The Panel agreed:

The application for Admitted Body Status by School Improvement Partnership on 1 April 2018, as a 'closed' agreement.

37. Additional Voluntary Scheme Review

Periodically the Council reviews its Additional Voluntary Contribution (AVC) provider to ensure that it is still appropriate and relevant to its members. In addition, a review of its performance and fees has been completed by JLT.

Appendix 1 of the report included a review of the Council's current AVC provider, Prudential, with a summary of the key points outlined in the main body of this report.

JLT had recommended that action was taken in three areas:

- that the Members should review their investment objectives and evaluate the continued suitability of this approach;
- that discussions are held with Prudential on the options they have to improve communications to members; and
- that consideration is given around the options available to you to improve value for money with Prudential.

After this report was produced, Prudential had advised of a reduction in fees and the introduction of improved communications and the potential to introduce a salary sacrifice element to the Council's current AVC offer.

It was advised that the Pension Board were keen to ensure greater marketing and awareness of the AVC and this would include greater understanding of the salary sacrifice. Prudential would be invited to provide a presentation to the Board at its meeting in September 2018, with a view to them also presenting to the Panel.

The Panel noted:

- i. The JLT AVC review report in Appendix 1;
- ii. that Prudential have agreed to:
 - o reduce the costs of the funds they provide by 1 March 2018;
 - o are improving their communication support to clients; and
 - o are able to provide a salary sacrifice option for AVC payments.

38. London Borough of Barking and Dagenham Pension Fund Business Plan 2018/19

The Pension Fund Business Plan set out the key tasks for the Pension Panel in respect to Pension Fund issues for 2018/19 and reflected the Pension Panel's commitment to put into action the investment strategy and monitor procedures for the future to ensure that the Fund meets its objectives and complies with best practice.

The GMPT advised that there would be extensive training during 2018/19 which included a training day on 20 June 2018.

The Panel agreed the Business Plan for 2018/19.

39. Vote of thanks

The Chair advised that this was his last meeting as Chair of the Panel and took the opportunity to thank his fellow Members, officers and advisers for their hard work over the year.