

MINUTES OF PENSIONS COMMITTEE

Wednesday, 13 March 2019
(7:00 - 8:16 pm)

Members Present: Cllr Dave Miles (Chair), Cllr Giasuddin Miah (Deputy Chair), Cllr Kashif Haroon, Cllr Adegboyega Oluwole and Cllr Foyzur Rahman

Observers Present: Gavin Palmer and Susan Parkin

Advisors Present: Colin Cartwright, Joe Peach and John Raisin

Apologies: Cllr Sade Bright and Cllr Laila M. Butt

23. Declaration of Members' Interests

There were no declarations of interest.

24. Minutes (12 December 2018)

The minutes of the meeting held on 12 December 2018 were confirmed as correct.

25. Independent Advisor

The Investment Fund Manager introduced a report on the proposed renewal of the contract for the Council's Pension Fund's Independent Advisor, 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 the Committee's Independent Advisor, John Raisin Financial Services Limited, for a further one year period based on the revised job description included as Appendix 1 to the report.

26. Pension Fund Quarterly Monitoring 2018/19: October-December 2018

The Investment Fund Manager introduced a report on the performance of the Council's Pension Fund during the period 1 October to 31 December 2018 (Quarter 3).

The Fund's externally managed assets closed Q4 valued at £970.1m, a decrease of £66.3m from its value of £1,036.4m at 30 September 2018. The cash value held by the Council at 31 December 2018 was £19.0m giving a total Fund value of £989.1m. An oral update on performance of the Fund for the period 1 January to 11 March 2019 was also provided to the Committee.

Colin Cartwright (Aon Hewitt Advisor) confirmed that the Pension Fund had performed reasonably well during the quarter 3 period as it contained a high degree of diverse investments and was not wholly reliant on equities. There was, however, continuing global uncertainty concerning Brexit and concerns that the UK economy may suffer.

It was noted with concern that one of the Fund Managers (Mellon Corporation, formerly Standish) had continued to underperform and was subject to review.

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.

27. Application for Admitted Body Status- Town and Country Cleaners

The Investment Fund Manager presented a report on the proposal for Town and Country Cleaners (T&CC) to become an Admitted Body member of the London Borough of Barking and Dagenham Pension Fund.

T&CC had commenced as the cleaning contractor at Jo Richardson Community School on 1 January 2019, at which time 16 staff who were members of the Council pension scheme had transferred to the contractor under TUPE regulations. The transfer of the staff was completed on a fully-funded basis, with the pension deficit remaining with the Council and a contribution rate calculated by the actuary for T&CC of 24.7%. The Admission Agreement would be on a 'closed' basis, covering only those staff that were members of the Council's pension scheme and would not include new staff.

The Investment Fund Manager confirmed that the company had fulfilled the requirements to join the Fund as an Admitted Body and it was noted that a review of the Admitted Body's accounts would occur on an annual basis with a summary of the results for all Admitted Bodies submitted to the Committee.

The Committee **resolved** to agree the application for Admitted Body Status by Town and Country Cleaners, as a 'closed' agreement.

28. Administration and Governance Report

The Investment Fund Manager introduced the regular administration and governance update report, which included details of the appointment of Northern Trust as the Fund's Custody and Performance Monitoring provider on a five-year contract commencing 1 June 2019 and the proposed extension of the current arrangements for Actuary and Investment Consultant services.

The Independent Advisor also introduced his Local Government Pension Scheme (LGPS) update report and a paper on his observations on the draft LGPS Statutory Guidance on Asset Pooling, which was also appended to the report. The Independent Advisor's LGPS update included details of the Scheme Advisory Board 'good governance' project, investment pooling, investment cost transparency, Section 13 review of the 2016 Actuarial valuation and the Pension Regulator relationship with the LGPS.

The Committee **resolved** to:

- (i) Note that the Fund was cash flow positive;
- (ii) Note the Fund's three-year budget for the period 1 April 2018 to 31 March 2021;
- (iii) Note the appointment of Northern Trust as the Fund's Custody and Performance Monitoring provider on a five-year contract commencing 1 June 2019;
- (iv) Note the extension of the Actuary and Investment Consultant services contracts to 30 June 2020;
- (vi) Note the Independent Advisor's LGPS Update, as set out at Appendix 1 to the report;
- (vii) Note the Independent Advisor's observations on the draft Statutory Guidance on Asset Pooling, as set out at Appendix 2 to the report; and
- (viii) Delegate authority to the Chief Operating Officer to agree the Council's response to the Minister for Housing, Communities and Local Government (MHCLG) on the informal consultation on Asset Pooling.

29. London Borough of Barking and Dagenham Pension Fund Business Plan 2019/20

The Investment Fund Manager introduced the report on the Pension Fund Business Plan 2019/20, which set out the key tasks for the Pension Committee for the year ahead.

The Investment Fund Manager referred to the forthcoming interviews for Fund Managers, which were planned for May 2019 subject to Members' availability.

Arising from the discussions, officers were asked to arrange future training one hour prior to the main meeting and asked for clarification on the reduction to the fixed term of office for Committee Members from four years to two years.

The Committee **resolved** to agree the Business Plan for 2019/20 as set out in the report.