

# MINUTES OF PENSIONS COMMITTEE

Wednesday, 15 March 2023  
(7:00 - 8:03 pm)

**Members Present:** Cllr Moin Quadri (Chair), Cllr Nashitha Choudhury, Cllr Giasuddin Miah and Cllr Tony Ramsay

**Observers Present:** Susan Parkin

**Advisors Present:** Nicholas Jellema

**Apologies:** Cllr Rocky Gill and John Raisin

## 23. Declaration of Members' Interests

There were no declarations of interest.

## 24. Minutes (11 January 2023)

The minutes of the meeting held on 11 January 2023 were confirmed as correct.

## 25. Quarterly Monitoring Report - October - December 2023

The Investment Fund Manager presented a report on the Fund's performance during the period 1 October to 31 December 2022 (Quarter 4), including details of the performance of individual Fund Managers. The Committee also received a verbal update on the unaudited performance of the Fund up to March 2023, as well as an update on the Fund's Investment Strategy and performance. There was also input from Nick Jellema, Hymans Robertson on the latest market position including the affects of the recent collapse of the Silicon Valley (SV) Bank and its subsequent rescue/sale to HSBC.

The Investment Fund Manager responded to questions and observations about the performance of individual Fund Managers and the planned actions which would be picked up as part of the Investment Strategy 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 of Fund Managers individually.

## 26. Administration and Governance Report

The report provided an update for the Committee's information on the

administrative and governance changes that had occurred since the last meeting, setting out the potential impact that the changes may have on the Pension Fund. It also set out the Fund's one and three-year cashflow forecast (1 April 2022 - 31 March 2025), an update about the London Collective Investment Vehicle (LCIV) as the Fund moves towards more pooled investments, the completion of the Triennial Valuation 2022, and in that context details of the Funding Strategy Statement (FSS) which must be updated accordingly.

In that respect the Committee received a report set out in Appendix 1 from Barnett Waddingham, Fund Actuary which was being distributed to all Fund employees, and which was presented earlier today to the Pension Board for their observations as part of a 30-day consultation period, the final version of which would be approved by the Council's Finance Director in consultation with the Chair of the Pensions Committee.

There was also a written update from the Committee's Independent Advisor on a number of important issues relating to the LGPS at a national level covering the following matters:

- Climate reporting;
- Investment Pooling;
- Pension Fund Accounts;
- Consultation on changes to the Scheme Advisory Board (SAB) Cost Management process;
- Reclassification of the Further Education Sector; and
- LGPS Pensions increase 2023.

The Investment Fund Manager also reported on the previous arrangements whereby, as part of the Council's savings options and in order to allow the Fund to meet capital calls for infrastructure and fund Diversified Alternatives without the need for the Fund to sell any assets to fund these investments, prepayments of two years' worth of pension contributions totalling £20m had been made.

The Investment Fund Manager explained that because of greater scrutiny and warnings of further scrutiny of the prepayment arrangements by auditors and as the Council now had a greater need for the cash to fund its own developments, there was a preference within the Council to cease making the prepayment. This would require the Fund to repay £20m to the Council by 31 March 2023.

Accordingly, the Committee **resolved** to:

- (i) Agree the cessation of the prepayment arrangement with the Council regarding pension contributions;
- (ii) Agree that in light of the allocation/holdings and performance of the current Equity Fund Managers, that the repayment of the £20m prepayment contributions to the Council be financed by the sale of £25m of equities held by Bailee Gifford; and
- (iii) Agree that the remaining £5m be available to cover working capital requirements for the Fund as it moved to a cashflow negative position from April 2023.

## **27. Business Plan Update**

The Committee **noted** progress on the delivery of the 2021-2023 Business Plans actions as set out in Appendix 1 to the report.

## **28. Pension Fund Annual Report 2021/22**

The Committee **noted** the draft Pension Fund Annual Report for the year ended 31 March 2022, which included the draft 2021/22 Pension Fund Accounts.

## **29. Private Business**

The Committee **resolved** to exclude the public and press for the remainder of the meeting by reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraphs 1 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

## **30. Appointment of 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 (IA), which included a review of the current IA's work during the past year. It was noted that John Raisin, operating as John Raisin Financial Services Limited, had been reappointed on a yearly basis since 2015 and that, between 2016 and 2022, had not increased the annual cost of his services.

The Committee **resolved** 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 set out as Appendix 1 to the report, and that the fee be increased accordingly to reflect inflationary costs since 2015.

It was also noted that the Investment Fund Manager would carry out an in-depth review of the market prior to the Committee reconsidering the appointment of the IA next year.