

MINUTES OF THE MEETING OF THE PENSIONS COMMITTEE AND BOARD HELD ON THURSDAY, 20TH JULY, 2017, 7.00 - 9.40 pm

PRESENT:

**Councillors: Clare Bull (Chair), John Bevan (Vice-Chair), Liz McShane,
Viv Ross, Keith Brown, Plowright and Owarish**

87. FILMING AT MEETINGS

The Chair referred Members present to agenda Item 1 as shown on the agenda in respect of filming at this meeting, and Members noted the information contained therein.

88. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr's Blake & Tucker.

89. URGENT BUSINESS

There were no items of urgent business.

90. DECLARATIONS OF INTEREST AND CONFLICTS OF INTEREST

There were no declarations of interest.

91. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

Cllr Bull, Cllr Bevan, Cllr Ross, Cllr McShane, Keith Brown, Randy Plowright and Ishmael Owarish had attended a training session on Local Government Pension Scheme (LGPS) Legislation, Governance, Roles & Responsibilities in advance of the meeting.

Further notification of training received prior to the meeting had been submitted as follows:

Cllr C Bull: Schrodgers Pension Trustee Training 21/4/2017

Cllr Bevan: Barnett Waddington, Today's Trustee 28/03/17

AON Factor Investing and Private Markets 29/03/17

STOXX Innovate2invest 2017 Conference 30/03/2017

Local Authority Pension Fund Forum 11/04/2017

London CIV Sectoral Joint Committee 12/04/2017

SCS Investing for Pension Funds 20/04/2017

Schrodgers Pension Trustee Training 21/04/2017

P&LSA Integrating Pensions and Lifetimes savings 26/04/2017

PIA Cash Flow Challenges for Pension Funds 26/04/17
Robeco, Explore Factor Investing 09/05/2017
SPS Value for Money and Low Cost Investing Strategies for Pension Funds 11/05/2017
AON Fixed Income and Hedge Funds 23/05/2017
IPE Beyond Factor Investing 06/06/2017
Transition Pathway Initiative, Low Carbon Economy and Pension Fund 07/06/2017
SPS LDI Strategies & Risk Management Developments for Pension Funds 08/06/2017
P&LSA The Future of Pension Scheme Funding 13/06/2017
CIPFA The Local Government Pension Scheme, An Introduction to Pensions and Pooling 20/06/2017
IPE Pensions Risk & Asset Allocation 22/06/2017
LAPFF Business Meeting 27/06/2017
Sustainable Investing Briefing 07/07/2017

92. MINUTES

RESOLVED

That the minutes of the meeting held on 27 March be approved as an accurate record.

93. ADMINISTRATION REPORT

The Committee received a report on administrative issues related to the Haringey Pension Scheme, details of four new admissions to the pension fund and notification of the potential merger of the College of Haringey, Enfield and North East London with the Capital City College Group.

The Committee sought clarification on a point relating to the new admission body to the fund, specifically that as the agreements were closed and new members could not be admitted whether that applied to new employees and if so what options would there be for them. The officer advised that the new provider would have to allow any new employees to join their pension scheme as according to regulations each employer is required to provide a pension. The Committee were also advised that there is no time limit for employees joining the scheme.

RESOLVED

That the Committee approve:

- the admission of Hillcrest Cleaning Ltd as a new employer to the Pension Fund, subject to their securing a bond or a guarantee from a third party in line with the LGPS regulations, to indemnify the pension fund against any future potential liabilities that could arise.
- the admission of Pabulum as a new employer to the Pension Fund, subject to their securing a bond or a guarantee from a third party in line with the LGPS regulations, to indemnify the pension fund against any future potential liabilities that could arise.
- the admission of Hertfordshire Catering Ltd as a new employer to the Pension Fund, subject to their securing a bond or a guarantee from a third party in line

- with the LGPS regulations, to indemnify the pension fund against any future potential liabilities that could arise.
- the admission of ISS World Ltd as a new employer to the Pension Fund, subject to their securing a bond or a guarantee from a third party in line with the LGPS regulations, to indemnify the pension fund against any future potential liabilities that could arise

That the Committee note:

- the potential merger of the College of Haringey, Enfield and North East London with the Capital City College Group with a potential transfer date of 1 November 2017. The CONEL board decided, as part of the proposed merger, to transfer its Local Government Pension Scheme pensions funds from the London Borough of Haringey scheme into the London Pension Funds Authority. All assets and liabilities will transfer with the college if the transfer takes place, so Haringey Pension Fund will not be disadvantaged or left with a historic deficit from the college.

94. MULTI ASSET ABSOLUTE RETURN INVESTMENTS

The Head of Pensions gave an overview of the background surrounding this report as it was a follow up from the investment strategy review conducted by Mercer which resulted in the Committee holding an interim meeting in early July comprising of training on multi asset absolute return investment strategies and presentations from four multi asset absolute return managers appointed by the CIV. This was done in preparation for the Committee to consider and take a decision on whether it should change the funds investment strategy to incorporate allocation to multi asset absolute returns.

RESOLVED

- The Committee and Board considered the report and recommendation outlined by Mercer in Confidential Appendix 1: namely to decrease the Fund's exposure to listed equity by 7.5%, and to introduce new allocation in the fund's investment strategy for 7.5% to a multi asset absolute return strategy.
- That the Committee and Board agreed to proceed with Option 2: to decrease the allocation to listed equity by 7.5%, and introduce new allocation in the fund's investment strategy for 7.5% to a multi asset absolute return strategy, subject to the fund actuary confirming that expected returns will remain consistent with the funding plan.

As option 2 was agreed the Committee and Board also resolved to:

- Hold a formal fund manager selection meeting with multi asset absolute return managers available on the London CIV: this meeting would be attended by members of the Committee and Board, officers, the fund's independent advisor and investment consultant.
- Grant delegated authority to the Chief Financial Officer to appoint a multi asset absolute return fund manager based on the outcome of the fund manager selection meeting and the recommendation of those who attend this meeting.

95. LOW CARBON INVESTMENTS REVIEW AND ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG) AND SUSTAINABILITY INDICES REVIEW

Mercer gave a summary of low carbon passive equity investing and an overview analysis of past performance of the passive equity portfolio.

RESOLVED

That the Committee & Board in conjunction with further training on ESG agreed to pursue option 4: it was felt that the argument for the inclusion of an ESG index tracking fund is one which is compelling, therefore the Committee agreed to meet with some of the leading index providers to further their knowledge base in this area, prior to making any changes to the fund's investment strategy. This could be done in conjunction with either an increase of the allocation to the low carbon mandate to 50.0%, or by keeping this at the same level 33.3%.

96. SOCIAL IMPACT INVESTMENT REVIEW

The Head of Pensions introduced Mercers report as an introductory overview of social impact investing.

RESOLVED

That the Committee and Board agreed:

- To focus attention specifically on private equity and real estate as potential asset classes for social impact investment going forwards.
- To arrange an interim half day or evening training session for members of the Committee and Board, to meet with some social impact investment fund managers, as the Committee and Board begins to build up a knowledge base in this area in order to consider investment in the future. The aim would be to hold this meeting in September or October.
- That following this interim meeting, to agree that a further report on the social impact investing topic be presented to the November Pensions Committee and Board meeting.

97. DRAFT - ANNUAL PENSION FUND ACCOUNTS AND ANNUAL REPORT

The Head of Pensions presented the funds draft annual report and accounts for 2016/17 and notified the Committee that the final audited report would be included in Septembers meeting. He also highlighted that the value of the funds assets had seen an increase of £261m and also that Haringey's fund performance was the second highest in the PIRC benchmarking group.

The Committee inquired as to which fund manager had not signed up to the United National Principals of Responsible Investment and also more details were requested for the 'other funds managed' category in the analysis of investments table.

Actions: Head of Pensions

RESOLVED

- The Committee noted the content of the draft annual report and accounts.
- The Committee and Board approved the refreshed versions of the Governance and Compliance statement and Communications policy which were included as Appendices 2 and 4 to the Annual Report.

98. ACTUARIAL SERVICES CONTRACT

Mercer were asked to leave the meeting.

The Committee & Board considered the report on the Pensions Actuarial Systems Contract and discussed the procurement process that was conducted for a new contract as the existing one would come to an end on 31 July 2017.

RESOLVED

That the Pensions Committee and Board grant approval, in accordance with Contract Standing Orders (CSO) 3.03 and 9.07.1(d) for the Council to enter into a contract with Hymans Robertson LLP for the provision of actuarial services for an initial 3 year term at an estimated value of £225k with an option for a further extension of three years for a further estimated value of £225k (subject to indexation).

Mercer Returned to the meeting.

99. GOVERNANCE UPDATE

The Committee & Board considered the Governance report and noted that the score against the SAB's key performance indicators had improved by two points since the last meeting due to the funds investment performance being second in its peer group.

RESOLVED

- The Committee and Board noted progress since the last report to the Committee and Board on performance against SAB's key indicators and recommendations from the governance review.
- The Committee and Board noted that Haringey will request that all managers sign up to SAB's cost transparency code, and noted the contents of Appendix 3: a report on the new code of transparency from the Fund's Independent Adviser John Raisin.

100. WORK PLAN /FORWARD PLAN

The Committee and Board considered the quarterly report on the forward plan, as introduced by Thomas Skeen, Head of Pensions.

It was agreed that the Pension Regulator's online toolkit would be circulated to members of the Committee.

Action: Head of Pensions

RESOLVED

The Committee noted the invitation to identify additional issues & training for inclusion within the work plan and to noted the update on member training attached at Appendix 3.

101. RISK REGISTER REVIEW

The Committee and Board considered the report on the Fund's risk register, introduced by Thomas Skeen, Head of Pensions.

RESOLVED

- That the Committee noted the risk register.
- That the Committee noted the area of focus for this review at the meeting is 'Funding' and 'Liability' risks.

102. QUARTERLY PENSION FUND UPDATE

The Committee and Board noted the quarterly Pension Fund update report, as introduced by Thomas Skeen, Head of Pensions. It was noted that a funding position update would now be included in this quarterly report.

RESOLVED

The Committee & Board noted the information provided in respect of the activity in the three months to 31st March 2017.

103. QUARTERLY LAPFF ENGAGEMENT

The Committee and Board considered the quarterly LAPFF engagement report, as introduced by Thomas Skeen, Head of Pensions. It was noted that in the last quarter where LGIM had not voted in line with the LAPFF voting recommendation was due to remuneration policies for different companies.

RESOLVED

That the Committee and Board note the report.

104. NEW ITEMS OF URGENT BUSINESS

There were no new items of unrestricted urgent business.

105. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded for the following items on the agenda.

106. MULTI ASSET ABSOLUTE RETURN INVESTMENTS

The Committee and Board noted the exempt information in relation to this report.

107. LOW CARBON INVESTMENTS REVIEW AND ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG) AND SUSTAINABILITY INDICES REVIEW

The Committee and Board noted the exempt information in relation to this report.

108. SOCIAL IMPACT INVESTMENT REVIEW

The Committee and Board noted the exempt information in relation to this report.

109. ACTUARIAL SERVICES CONTRACT

The Committee and Board noted the exempt information in relation to this report.

110. NEW ITEMS OF EXEMPT URGENT BUSINESS

There were no new items of exempt urgent business.

The meeting closed at 9.40pm.

CHAIR: Councillor Clare Bull

Signed by Chair

Date