

MINUTES OF THE MEETING OF THE PENSIONS COMMITTEE AND BOARD HELD ON THURSDAY, 14TH SEPTEMBER, 2017, 7.00 - 8.05 pm

PRESENT:

Cllr John Bevan (Vice-Chair), Cllr Liz McShane, Cllr Viv Ross, Cllr Noah Tucker, Keith Brown and Ismael Owarish

111. 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.

112. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr M Blake and Cllr Bull.

113. URGENT BUSINESS

There were no items of urgent business

114. DECLARATIONS OF INTEREST AND CONFLICTS OF INTEREST

There were no declarations of interest.

115. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

Cllr Bevan, Cllr Ross, Cllr Tucker, Keith Brown and Ishmael Owarish had attended a training session on LGPS roles and responsibilities, and in particular the fiduciary duty that LGPS schemes are charged with in advance of the meeting.

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

Cllr Ross:

- Passive Equity Funds-Market Capitalisation versus Factor Investing, AON Hewitt 13/09/17
- Introduction to Commercial Real Estate Debt (CRED), AON Hewitt 13/09/17
- The General Data Protection Regulations Training, Burges Salmon 13/09/17

Cllr Bevan:

- SPS Alternative Credit and Private Debt Investing for Pension Funds Conference 31/08/17
- The Evolution of DC Investments and DC Scheme Structures 12/09/17
- Diverse Trustee Boards-Time for a Change 13/09/17

116. MINUTES

RESOLVED

That the minutes of the meeting held 20 July 2017 be approved as a correct record.

117. PENSION FUND ANNUAL REPORT AND ACCOUNTS

The Committee considered the report on the audited Pension Fund Annual Report and Accounts for 2016/17 and the Annual Governance Report of the external auditors, BDO, which covered their annual audit of the Pension Fund accounts. The report was introduced by Leigh Lloyd-Thomas, BDO, who set out the findings of the audit. He confirmed that there were no errors in the draft accounts and that no amendments were needed for the bottom line of the fund accounts or the asset statement, the only changes made were to the presentation. Mr Lloyd-Thomas gave commendation to Thomas Skeen, Head of Pensions, for his work on the fund this year as it had improved considerably since last year.

BDO ran through the key audit and accounting matters giving an overview of the work carried out, the findings and conclusions. The Committee noted in the area of contributions receivable that there were two admitted bodies with outstanding contributions payable and one in particular had paid their contributions late on numerous occasions throughout the year.

Mr Lloyd-Thomas also highlighted a finding within the remuneration of key management personnel disclosure audit area. On this point the Committee noted that the management fee for the costs incurred by the Council in providing staff and general running costs support to the pension fund did not include any allowances for time spent by senior management. BDO recommended that an amount of time be estimated and included in the recharge allocation management fee to the fund.

In the area of membership disclosure it was reported that there were 32 active members recorded that had left the Council but BDO confirmed that these members had not been accruing pension benefits since leaving the Council. A periodic clean-up exercise of the system was recommended. Janet Richards, Pensions Manager, confirmed that these members were mainly from outside payroll providers not Council employees.

In relation to the pensions page that is maintained on the Haringey website the Committee requested that the number of hits it receives is published in all future reports.

Action: Pensions Manager

The Committee also requested that recharges for addition costs be applied to the two admitted bodies with outstanding payments and the outside employers connected to the 32 active members who had left but not been disclosed to the Council. The Head of Pensions confirmed that discussions had begun with these parties but as charging

was a recently introduced procedure then initial warning letters would be sent to warn of penalties if the issue continued. It was agreed that this would be included in the administration strategy.

Action: Head of Pensions

RESOLVED

- That the Committee and Board note the findings of the external auditor in their report attached in Appendix 1.
- That the Committee note and approve the Pension Fund Annual Report and Fund Accounts for 2016/17.
- That the Committee and Board give the Chair of the Committee and Board and Chief Finance Officer (S151 Officer) authority to sign the letter of representation to the Auditor as set out in paragraph 6.3 of this report.

118. ADMINISTRATION REPORT

The Committee received a report on administrative issues related to the Haringey Pension Scheme. It was noted that there was a new academy conversion with Northumberland Park Community School becoming Dukes Aldridge Academy. Also Tottenham University Technical College would be changing their name to London Academy of Excellence Tottenham.

The Committee recommended that as the General Data Protection Regulation was changing next year this should be included in the Pensions Administration Strategy along with the Bribery Act.

Action: Pensions Manager

RESOLVED

- That the Committee note that Northumberland Park Community School will become an academy on 1 September 2017. The new academy will be called Dukes Aldridge Academy.
- That the Committee note that Tottenham University Technical College will be changing their name to London Academy of Excellence Tottenham on 1 September 2017.
- That the Committee approve the Pensions Administration Strategy Statement

119. INVESTMENT STRATEGY STATEMENT UPDATE

The Head of Pensions explained that the reason for providing the Committee with an updated copy of the Investments Strategy Statement was due to two changes that had been made since its last approval in March 2017. The 1st update was made to the Infrastructure Debt Mandate where debt was reduced to 3% from 5% and the extra 2% was invested in Multi Asset Credit Mandate. The 2nd update involved increasing the allocation to the low carbon index fund to 50% of developed market equities.

The Committee asked whether it was common practice to include and assign figures to the percentages rather than just ranges. The independent advisor, Mr John Raisin confirmed that this was a requirement of the LGPS regulations.

The Committee raised the topic of development of the Investment Strategy, specifically in the area of investing in social housing. It was agreed that a report would be presented at the next Committee meeting focussing on social housing as an investment class, and exploring initiatives done by other LA's, for example Islington, and seek the cooperation of Pension Funds of other LA's. John Raisin recommended speaking to Mercer for advice and agreed to also undertake research in this area. It was agreed that if the lead officers found difficulty in producing this report by the next meeting then this should be communicated to the Chair.

Action: Head of Pensions

RESOLVED

That the Committee note and approve the updated Investment Strategy Statement attached as Appendix 1 of the report.

120. GOVERNANCE REPORT

The Committee & Board considered the Governance report update and noted that the Fund had improved 2 points since the last meeting with a score of 45 out of 59 in terms of achievement of KPI's in the SAB model. The Head of Pensions gave an overview of the KPI's where the Fund scored zero and gave explanation for each of these. It was agreed that in future all KPI's where the Fund realistically cannot score full marks should be highlighted to indicate this.

Action: Head of Pensions

While discussing key indicator number 5, the Head of Pensions, reminded the Committee Members to complete the Public Regulators Public Service Toolkit and notify him once done. It was agreed that the Chair would write to all members who had not completed this training.

Action: Chair

It was noted that the annual benefits statements were submitted by the statutory deadline and the Pensions team were commended for this.

RESOLVED

The Committee and Board note the progress since the last report to the Committee and Board on performance against SAB's key indicators and recommendations from the governance review.

121. MIFID II

The Head of Pensions explained the purpose of the report and the impact of the MiFID II. The Committee were notified that the requirement to 'opt up' to an elected professional client status would be done by the majority of LA's apart from very small parish town authorities.

RESOLVED

- The Committee & Board note the potential impact on investment strategy of becoming a retail client with effect from 3 January 2018.

- The Committee & Board agree to the immediate commencement of applications for elected professional client status with all relevant institutions in order to ensure it can continue to implement an effective investment strategy.
- In electing for professional client status the Committee and Board acknowledge and agree to forgo the protections available to retail clients attached as Appendix 1.
- The Committee & Board agree to approve delegated responsibility to the Chief Finance Officer (S151 Officer) for the purposes of completing the applications and determining the basis of the application as either full or single service.

122. WORK PLAN /FORWARD PLAN

The Committee and Board considered the quarterly report on the forward plan, as introduced by Thomas Skeen, Head of Pensions. The Committee did not raise additional issues and training for inclusion within the work plan.

RESOLVED

The Committee and Board note the update on member training attached at Appendix 3.

123. RISK REGISTER REVIEW

The Committee and Board considered the report on the Fund's risk register, introduced by Thomas Skeen, Head of Pensions. The Committee discussed red risk number 2 relating to the frequent turnover of Committee Members, namely that the terms of reference for the Committee be changed to every 4 years rather than 1. It was agreed that the recommendation should be made to Full Council to this effect which would help to reduce this risk area.

Action: Head of Pensions/Asst Director Corporate Governance

RESOLVED

- The Committee note the risk register.
- The Committee note the area of focus for this review at the meeting is 'Governance' and 'Legislation' risks.

124. LAPFF VOTING ENGAGEMENT

The Committee and Board considered the quarterly LAPFF engagement report, as introduced by Thomas Skeen, Head of Pensions.

RESOLVED

The Committee note this report.

125. NEW ITEMS OF UNRESTRICTED URGENT BUSINESS

There were no new items of unrestricted urgent business.

126. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

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

127. EXEMPT MINUTES

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

128. NEW ITEMS OF URGENT BUSINESS

There were no new items of exempt urgent business.

CHAIR:

Signed by Chair

Date