

MINUTES OF THE MEETING OF THE PENSIONS COMMITTEE AND BOARD HELD ON THURSDAY, 18TH JANUARY, 2018, 7.00 pm

PRESENT:

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

144. 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.

145. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr McShane.

146. URGENT BUSINESS

There were no items of urgent business.

147. DECLARATIONS OF INTEREST AND CONFLICTS OF INTEREST

There were no declarations of interest.

148. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

Cllr Bull, Cllr Blake, Keith Brown and Ishmael Owarish had attended a training session delivered by Mercer on Social Housing Investing.

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

Cllr Bevan:

- Pensions training / Pensions Committee 12/11/17
- Pensions CIV Sectoral Joint Committee 11/12/17
- SPS Annual Bond Investment Strategies for Pension Funds 09/01/18
- Pensions Committee / Mercers training briefing 12/01/18

Keith Brown:

- Global Asset Management - Global Liquidity 15/12/17
- Global Asset Management - Global Market Outlook – 15/1/18

149. MINUTES

RESOLVED

That the minutes of the meeting held 30 November 2017 be approved as a correct record.

150. ADMINISTRATION REPORT

The Committee received a report on administrative issues related to the Haringey Pension Scheme and discussed the details of this report. The Pensions Manager updated the Committee on the employers that were auto-enrolled on the scheme under the transitional delay.

The Committee raised the issue of whether staff were actually accessing their payslips which would allow them to read any pensions information that may be posted. It was agreed that the Committee would be provided with information as to the number of staff who logged on to access their payslips.

Action: Pensions Manager

RESOLVED

That the Committee note the contents of this report in respect of the administration of the pension fund.

151. PENSIONS ADMINISTRATION ARRANGEMENTS

The Head of Pensions presented the report outlining the results of a review of the resourcing levels within the pensions department, including benchmarking of these against other London Boroughs. It was explained that as a combined Committee and Board there was a responsibility regarding the administration of LGPS funds and as there were currently existing constraints on the team it was felt that a review was appropriate.

It was noted that although up to 50% of other Local Authorities outsource their pension teams it was more cost effective to do this work in house and this avoided some of the problems relating to quality which is often experienced by those boroughs who outsource pensions administration. The Committee were reminded of the tasks managed by the team as well as areas of audit work carried out which highlighted the apparent resource gap due to the large increase in employers in recent years.

The Committee discussed the potential risks that could occur given the increased work load and a team that has not expanded and it was proposed that the creation of 2 additional new posts would address this. The Committee wanted to ensure that these new posts would provide the extra workforce necessary to keep up with the workload and it was agreed that this could be reviewed if needed. The Committee noted that these new posts would be funded by the pension fund and not the Council.

The Committee felt strongly that one of the posts should be an apprenticeship opportunity.

RESOLVED

That the Pensions Committee and Board agree to the creation of two additional Pensions Officer posts within the pensions administration team, based on the findings of the review of resourcing presented in this report. One of these posts should ideally be an apprenticeship opportunity if possible.

152. WORK/FORWARD PLAN

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

RESOLVED

That the Committee note the update on member training attached at Appendix 3.

153. RISK REGISTER REVIEW/UPDATE

The Committee and Board considered the report on the Fund's risk register, introduced by Thomas Skeen, Head of Pensions. No changes were reported.

The Committee discussed the issue of members and suggested that it should be mandatory for the Chair of Corporate and the Chair Staffing & Remuneration Committee to sit on the Pensions Committee & Board and that the term should be for 4 years. Patrick Uzice from Legal explained that for this to be implemented the constitution would need to be changed which would involve a request being sent to the Monitoring Officer, a report being presented to the Standards Committee who would in turn recommend to Full Council for approval. It was agreed that a letter from the Committee & Board was to be drafted by the Chair and Vice Chair in consultation with John Raisin and the Head of Pensions to be sent to the Monitoring Officer, and cc'd to the Chief Executive Officer and party whips.

Action: Chair & Vice Chair

154. QUARTERLY PENSION FUND PERFORMANCE & INVESTMENT UPDATE

The Committee and Board noted the quarterly Pension Fund update report, as introduced by Thomas Skeen, Head of Pensions. It was reported that the indicative funding position as at 30/9/17 had improved to an 86.5% funding level mainly due to investment returns. It was also noted that the value of the fund had increased by £34.5m between June & September 2017.

When discussing the funds newly appointed investment manager Ruffer, via the London CIV it was highlighted that this investment was completed in December 2017 and would be included on the next quarterly update presented to the Committee & Board.

The Head of Pensions updated the Committee & Board in relation to the Aviva long lease property mandate. It was noted that although the report stated that Aviva had

confirmed the funding commitment from Haringey Council would likely be drawn down in Q1/2 of 2018, this had now changed to Q4 of 2018.

RESOLVED

That the Committee & Board note the information provided in respect of the activity in the three months to 30th September 2017 is noted.

155. LAPFF VOTING UPDATE

The Committee and Board considered the quarterly LAPFF engagement report, as introduced by Thomas Skeen, Head of Pensions. The sad passing of Councillor Kieran Quinn was discussed along with the contributions his work made to LAPFF. It was agreed that a condolence letter would be sent to Tameside Council on behalf of Haringey Council.

Action: Chair & Vice Chair

RESOLVED

The Committee note this report.

156. INVESTMENT CONSULTANCY SERVICES CONTRACT

The Committee and Board considered the report as presented by the Head of Pensions. It was explained that as an Administering Authority under the LGPS it was necessary for the Council to have an investment consultant. Currently this service is provided by Mercer Ltd who have been advisers to the fund for four years however this contract is due to expire 21st January 2018. Approval was requested for this contract to be extended to the end of the financial year.

As a new two year contract would need to commence at the start of 2018/19, Thomas Skeen gave an overview of the procurement process that would need to take place and the eight firms signed up to the National Framework for Investment Consultancy Services for the use of LGPS funds.

It was suggested that the changeover of members of the Pensions Committee & Board should not ideally coincide with the change of the investment consultant as this would result in a double loss of knowledge of the fund. It was also suggested that Councillors views should be considered in the procurement process if possible.

RESOLVED

- That the Pensions Committee and Board approve an extension of the current contract with Mercer Ltd. with no further expenditure anticipated to be incurred over the course of the extension to bridge the period to the end of the financial year, i.e. the period 22 January 2018 – 31 March 2018.
- That the Pensions Committee and Board grant delegated authority to the Chief Finance Officer (S151 Officer), to appoint a provider for investment consultancy services to the fund, following a procurement process which will be carried out by officers with the involvement of the Independent Advisor to the Fund. This

appointment will be done in accordance with CSOs 3.03 and 9.07.1(d) for the Council to enter into a contract for an initial 2 year term (1 April 2018 – 31 March 2020) at an estimated value of £190k with an option for a further extension of 1 year for a further estimated value of £95k (subject to indexation).

- That the Committee and Board nominate, if it deems appropriate to do so, representatives, to attend the interview and presentation stage of the procurement process.

157. INVESTMENT CONSIDERATIONS - RESIDENTIAL REAL ESTATE

The Committee received a report on the potential to invest in residential real estate which had been requested at a previous meeting. Following advice from Haringey's investment consultants Mercer, it was noted that the most appropriate route would be through a pooled investment vehicle with a specialist fund manager. It was also suggested that if this option was pursued that the London CIV should be formally approached and a request made for this to be added as an area of work to their business plan.

It was highlighted that due to being both a Committee & Board there was a risk of being open to more scrutiny as regards the decisions that were taken. It was agreed that more training should be undertaken by members on investing in the private rented sector and the training session prior to the next meeting should be on alternative indices.

Action: Head of Pensions

RESOLVED

- That the Pensions Committee and Board note the contents of this report, including the comments of the Independent Advisor and the appended report from Mercer;
- If the Pensions Committee and Board wishes to pursue residential real estate as an asset class any further, that they agree to write to the London CIV, to formally request that they give due consideration to the inclusion of residential real estate in the CIV's business plan: specifically residential real estate with high ESG credentials

The Committee agreed to undertake further training on investing in the private rented sector and agreed not to write to the London CIV at this stage.

158. GOVERNANCE REPORT

The Committee & Board considered the Governance report update and noted that the Fund remains steady with a score of 48 out of 59 in terms of achievement of KPI's in the SAB model. It was agreed that the Key Performance Indicators would be circulated to the members.

Action: Head of Pensions

RESOLVED

- That the Committee and Board note progress since the last report to the Committee and Board on performance against SAB's key indicators.

- That the Committee and Board note the findings of the governance review of the London CIV which has recently been conducted, which are appended to this report.

159. NEW ITEMS OF URGENT BUSINESS

Considering the recent, much publicised issues with the construction company Carillion the Committee asked for an update in relation to the fund's infrastructure debt investment with Allianz. Thomas Skeen notified the Committee that Allianz had confirmed they did not anticipate any harm coming to these investments as Carillion was one of 3 providers involved in the investment.

It was agreed that the information from Allianz would be circulated to the members.

Action: Head of Pensions

160. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

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

161. INVESTMENT CONSULTANCY SERVICES CONTRACT

The Committee & Board considered exempt information pertaining to item 13.

162. INVESTMENT CONSIDERATIONS - RESIDENTIAL REAL ESTATE

The Committee & Board considered exempt information pertaining to item 14.

163. GOVERNANCE REPORT

The Committee & Board considered exempt information pertaining to item 15.

164. NEW ITEMS OF EXEMPT URGENT BUSINESS

There were no new items of exempt urgent business.

CHAIR: Councillor Clare Bull

Signed by Chair

Date