

MINUTES OF MEETING PENSIONS COMMITTEE AND BOARD HELD ON THURSDAY, 19TH SEPTEMBER, 2019, 19:00 – 21:00

PRESENT: Councillor Matt White (Chair), John Bevan (Vice-Chair), James Chiriyankandath, Paul Dennison, Viv Ross, Noah Tucker, Ishmael Owarish, Keith Brown and Randy Plowright

290. 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.

291. APOLOGIES FOR ABSENCE

There were no apologies for absence.

292. URGENT BUSINESS

There were no items of urgent business.

293. DECLARATIONS OF INTEREST AND CONFLICTS OF INTEREST

In relation to Item 298, Cllr Ross declared having a pension with Equitable Life.

294. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

Cllr White, Cllr Ross, Cllr Dennison, Cllr Chiriyankandath, Cllr Tucker, Keith Brown, Ishmael Owarish, and Randy Plowright attended a training session delivered by Hymans Robertson – 19/09/2019.

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

Cllr Bevan

- LBH Pensions training 11/07
- SPS Alternative & Innovative Investment Strategies for Pension Funds 12/09

295. MINUTES

Regarding accuracy, the Committee agreed to amend the final line of the minutes in Item 276 from “...which would adversely hit oil related shares” to “...which could adversely hit equity markets overall”.

In addition, the following updates were provided:

- The Fund Manager, CQS, became a signatory to the '*United Nations Principles for Responsible Investment*' initiative on 16th July 2019.
- GMP had been added to the Risk Register.
- There had yet to be any update on the 'McCloud' ruling. Officers noted it could take years for the courts to propose a remedy to the ruling.
- The allocation commitment to Private Equity Portfolio would be considered as part of the Investment Strategy review in March 2020 or July 2020.
- Officers would circulate a presentation by Mercer on the topic of 'Custody' from 2016. Following that, a training session from the Fund's Custodian – Northern Trust, could be arranged if Members requested (**Action: Head of Pensions**).

RESOLVED

That the minutes of the meeting held on the 14th March 2019 be approved as a correct record of the meeting.

296. PENSIONS ADMINISTRATION REPORT

The Head of Pensions, Thomas Skeen, introduced this report which detailed a breakdown of the number of visits made to the Haringey Pension Fund website and updated on the matter of Annual Benefit Statements (ABS). The report also presented details of a new admission to the pension fund by N-Viro Limited. The Pensions Committee and Board (PCB) were taken through the report as set out at pages 11-13.

In response to questions on the report, the following information was provided:

- Officers confirmed the layout of the report would be presented differently at the next meeting to avoid confusion (**Action: Pensions Manager**).
- On 20th November 2018, the PCB decided that the ABS would be circulated to Members electronically by default on the Member Self Service website from 2020. Officers confirmed that a written request could be made by members for them to continue to receive the ABS by post.
- Officers noted it was not possible to track why an individual visited the Fund's website.
- It was clarified that the Member's Self Service website was sign posted on the Fund's Website.

RESOLVED

1. To note that the report gives a breakdown of the number of visits made to the Haringey pension fund website.
2. To note that the Annual Benefit Statements for active and deferred members of the pension scheme have been issued by the statutory deadline.
3. To approve the admission of N-Viro Limited 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 or paying an increase contribution rate in lieu of a bond.

297. 2019 PENSION FUND VALUATION

The Head of Pensions introduced this report which provided information to members of the PCB regarding the 2019 Fund valuation, which was underway, and which would be a recurring item for a number of future committee meetings. The PCB were taken through the report at pages 15 to 18.

(The PCB next considered the exempt appendices to this report in private, as per item 307).

RESOLVED

1. To note the contents of this report, and any other verbal updates provided by officers, the fund actuary and the fund's Independent Advisor in the meeting.
2. To approve the draft Funding Strategy Statement (FSS) attached at Appendix 1 for consultation with employers.
3. To delegate authority to the Head of Pensions, Treasury and Chief Accountant, to make any further changes to the FSS that as necessary prior to consultation with employers.
4. To note and agree the methodology and valuation assumptions proposed by the fund actuary, Hymans Robertson as outlined in their reports at confidential Appendices 2-5.

298. EQUITABLE LIFE ADDITIONAL VOLUNTARY CONTRIBUTION (AVC) SCHEME

The Head of Pensions introduced this report which provided information to members of the Pensions Committee and Board regarding the recent proposals regarding the historic Equitable Life AVC investments that a small number of members of the Haringey Fund held. The PCB were taken through the report at pages 19 to 21.

In response to questions on the report, the following information was provided:

- Officers confirmed the continual overseeing of the historic Equitable Life AVC investments was an administrative burden but they were required by law to make AVC arrangements for those affected.
- Officers confirmed the Council would write to the 21 affected members asking if they wished to express a preference for any of the available offers listed at paragraph 6.3 and, if they did, the Council would reflect that in its voting.
- Officers noted that, if there was a difference of opinion among affected members, the Council would be able to split its vote and vote both 'for' and 'against' the proposals proportionally, to reflect the differing views of those members who held with-profits funds.
- With regard to the proposal for affected members who held with-profits policies to have their existing with-profits policies transferred into unit linked funds, Officers confirmed that members would be asked what units they wished to be transferred into with the default being a life styling option.

RESOLVED

1. To note the contents of this report, and any other verbal updates provided by officers, the fund actuary, investment consultant or the fund's Independent Advisor in the meeting.
2. To agree the approach set out in Confidential Appendix 1.

299. LOCAL GOVERNMENT PENSION SCHEME GOVERNANCE UPDATE FROM INDEPENDENT ADVISOR

The Fund's Independent Advisor introduced this Item by taking the PCB through the paper prepared at pages 25 to 30 - *'Update on Scheme Advisory Board Project Good Governance in the LGPS'*.

It was highlighted that an online survey by Hymans Robertson of over 300 stakeholders on four prospective model styles in respect of governance structures found a preference for Model 2 – *'Greater ring fencing of the LGPS within existing structures'* (page 26). However, based on the overall feedback received from stakeholders, Hymans Robertson did not favour or propose specific consideration of any of the four models of governance. Rather they proposed a governance approach based on an "outcomes based" approach, including assurance on the sufficiency of resources and regular independent review of governance together with enhanced training requirements and updates of both CIPFA and MHCLG guidance.

In response to questions on the report, the following information was provided:

- There could be a style of peer review incorporated into the overall structure of the 'Scheme Advisory Board project – Good Governance'.
- One of the issues the project sought to redress was to ensure that the level of required knowledge from members of Pensions Committees and Pensions Boards was the same.

RESOLVED

To note the contents of this report, and any other verbal updates provided by Officers and the Fund's Independent Advisor in the meeting.

300. FORWARD PLAN

The Head of Pensions invited the PCB to note this report on the Forward Plan, which detailed the topics that would be brought to the attention of the PCB through to March 2020. The report also sought Members' input into future agenda items.

RESOLVED

To note the update on member training attached at Appendix 3.

301. RISK REGISTER

The Head of Pensions introduced this report on the Risk Register. This was a standard item on the agenda and the PCB had a legal duty to review internal controls and the management of risks. The PCB were informed of the changes to the Risk Register, as shown in Appendix 1.

The following information was highlighted:

- GMP had been added to the Risk Register at page 41 (Risk Number 21).
- Risk Number 4 – ‘*The fund fails to recover ad hoc /miscellaneous income adding to the deficit*’, had its impact reduced from 4 to 3, due to ‘miscellaneous income’ making up a small percentage of the Fund.
- Risk Number 30 – ‘*Transfers out increase significantly as members transfer to DC funds to access cash through new pension freedoms*’, had its probability reduced from 3 to 2 due to this looking increasingly unlikely to materialise.
- Risk Number 50 – ‘*No modelling of liabilities and cash flow is undertaken*’, could be revised following the next triennial valuation and investment strategy.

Regarding when the PCB would be able to consider the Investment Strategy, Officers noted this was reliant on certain factors but that it could happen at its March 2020 meeting if the Funding Strategy Statement and employer contributions were finalised at its January 2020 meeting. Officers further noted that the matter could be considered at one meeting or multiple meetings if fundamental changes were required.

RESOLVED

1. To note the risk register.
2. To note the area of focus for this review at the meeting is ‘Accounting’ and ‘Investment’ risks.

302. LOCAL AUTHORITY PENSION FUND FORUM (LAPFF) VOTING UPDATE

The Head of Pensions invited the PCB to note this report which provided an update on voting activities on behalf of the Fund. The Fund was a member of the LAPFF and the Committee and Board had previously agreed that the Fund should cast its votes at investor meetings in line with LAPFF voting recommendations.

RESOLVED

To note this report.

303. PENSION FUND QUARTERLY UPDATE

The Head of Pensions introduced this report which provided an update in respect of the three months to 31 March 2019 on the following: Funding Level Update; Investment Asset Allocation; Independent Advisor’s Market Commentary and Investment Performance.

It was clarified there was a typographical error at paragraph 1.1, and that it should read ‘*To report the following in respect of the three months to 31 June 2019*’.

The PCB was informed that an indicative funding position update for 30 June 2019, showed an improvement to an 85.9% funding level, which reinforced the expectation that the Fund's position had improved since the 2016 Valuation overall. It was also informed that the Fund's £50m commitment to the Aviva Lime Fund had been invested on 16 August 2019.

The Fund's Independent Advisor took the PCB through the appendix – *'Market Background April to June 2019'* and highlighted that April to June 2019 had been a volatile period for markets, largely due to the ongoing USA and China trade tensions.

RESOLVED

To note the information provided in respect of the activity in the three months to 30th June 2019.

304. NEW ITEMS OF URGENT BUSINESS

There were no new items of urgent business.

305. EXCLUSION OF THE PRESS AND PUBLIC

Resolved

That the press and public be excluded from the meeting for consideration of item 8 as it contains exempt information as defined in Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985); para 3; namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

306. PRIVATE OFFICER REPORT: LONDON CIV PENSION ARRANGEMENTS

This report and its recommendations were considered in private.

307. 2019 PENSION FUND VALUATION

As per Item 297.

308. EQUITABLE LIFE ADDITIONAL VOLUNTARY CONTRIBUTION (AVC) SCHEME

As per Item 298.

309. PENSION FUND QUARTERLY UPDATE

As per Item 303.

310. EXEMPT MINUTES

RESOLVED

That the exempt minutes of the meeting held on the 11th July 2019 be approved as a correct record of the meeting.

CHAIR: Councillor Matt White

Signed by Chair

Date