

MINUTES OF MEETING PENSIONS COMMITTEE AND BOARD HELD ON TUESDAY, 7TH JULY, 2020, 7.00 - 9.00 PM

PRESENT:

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

367. 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.

368. APOLOGIES FOR ABSENCE

None.

369. URGENT BUSINESS

None.

370. DECLARATIONS OF INTEREST AND CONFLICTS OF INTEREST

None.

371. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

None.

372. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

Councillor John Bevan – Webinar 3 June 2020 -
LGPS Local Government Pension Schemes. Investment costs transparency and
Navigating the Pandemic – implications for the management of investment risk.

All Members attended LBH Pension training prior to the meeting 7 July 2020.

373. MINUTES

RESOLVED

That the minutes of the Pensions Committee and Board meeting held on 5 March 2020 be approved as a correct record.

374. PENSIONS ADMINISTRATION REPORT

The Pensions Manager, Janet Richards, introduced this report which provided updates on: the amount of visits made to the Haringey pension fund website; new admissions to the pension fund and an update in light of the current Coronavirus pandemic and how this has impacted the Fund's pensions administration.

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

1. Recipients of the annual benefit statements would be notified of the change to online publication only of their statements via the member self-service portal.
2. The increase in deaths in the last quarter is an increase of over 61% and it could not be determined what proportion of this could be attributed to the pandemic. Further details to be provided.

RESOLVED

1. To approve the admission of Hertfordshire Catering Ltd as a new employer to the Pension Fund in respect of the following catering contracts:
 - St Martin of Porres School;
 - St John Vianney School;
 - St Pauls Catholic School; andsubject to Hertfordshire Catering Ltd 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.
2. To approve the admission of Caterlink Ltd as a new employer to the Pension Fund, in respect of a catering contract with Stroud Green Primary School, 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.

375. PENSION FUND QUARTERLY UPDATE AND INVESTMENTS UPDATE

The Head of Pensions introduced this report which sought to provide members of the committee with various updates regarding how the Coronavirus pandemic has impacted upon the fund's investments, and annual report and accounts for the previous quarter to 31 March 2020. The report included information relating to investment asset allocation, independent Advisor's Market commentary, funding level update and investment performance.

The following points were noted:

1. Approval for the fund's accounts and annual report for 2019/20 are expected to be approved by 30 November in line with the delayed deadline issued by the Government this is due to delays in receiving valuation information for some of the fund's assets as well as notification that the funds auditors, BDO, would not begin audit work until August 2020.
2. At the most recent valuation 31 March 2020, the Fund had a funding position of 100.4% which corresponds to a net surplus of £6m, which has decreased to an indicative deficit of £102m as at 31 March 2020.

3. Value of the fund decreased by £145.2m between December 2019 and March 2020, however, much of that decrease was regained within the months of April and May, with the fund increasing by an indicative £113.3m by the end of May.
4. Concern was raised respecting the coronavirus pandemic and the potential impact it would have on financial markets.

The Fund's Independent Advisor, John Raisin, referred to his Market Background report covering January to March 2020 on pages 27 to 30 of the agenda papers providing detailed information for the members of the committee. It was noted that 2020 began positively for both financial markets and the global economy. However, the realisation of the health and economic implications of Coronavirus during late February and March 2020 resulted in both a huge worldwide equity market sell off and a closedown of large parts of the world economy. A financial market collapse was only avoided due to huge economic and monetary policy intervention, and in particular the intervention of the US Federal Reserve. It was noted that the downturn would be far more difficult to resolve than that of 2008 due to the fact that this crisis was a result of a deadly disease which is affecting all economic sectors while the previous one was a financially originated and focussed crisis.

RESOLVED

1. That the information provided in respect of the activity in the three months to 31 March 2020 is noted.
2. That the information provided in respect how Coronavirus has impacted on the fund is noted.

376. INVESTMENT STRATEGY REVIEW

The Head of Pensions, Thomas Skeen, introduced this report which presented a review of the Fund's investment strategy that was considered at the previous meeting of the PCB in March 2020. The report follows on from the last paper with options and a recommendation as to changes to be made to the fund's investment strategy. The Pensions Committee and Board (PCB) were taken through the report, as set out at pages 31 to 36.

The PCB noted that the decision to switch to fixed gilts in early 2020 had benefited the fund by approximately £10.7m.

The PCB discussed the exempt appendices in private, as per Item 20.

RESOLVED

1. That the PCB note the Investment Strategy Review Paper, appended as Confidential Appendix.
2. That the Committee approves a change to the fund's target investment strategy to implement the 'strawman portfolio 1' as shown in Confidential Appendix 1, namely to:
 - Increase the allocation to equity by 2.5%
 - Increase the allocation to multi-asset credit by 3.0%

- Reduce the allocation to infrastructure debt by 0.5%
- Reduce the allocation to gilts by 5.0%

Alternatively, the Committee and Board could choose to implement 'strawman portfolio 2' as detailed in the Mercer paper in Confidential Appendix 1.

3. That the PCB delegate authority to the Assistant Director of Finance to implement the above changes (if approved), on the advice of Mercer, and in conjunction with the Chair of the PCB and Independent Advisor.
4. That the PCB delegate authority to the Assistant Director of Finance to update and republish the fund's Investment Strategy Statement consistent with decisions made above.

377. PENSIONS ACTUARY CONTRACT

The Head of Pensions introduced this report which sought approval from the Committee for a contract extension of the current actuarial services by Hymans Robertson LLP.

It was noted that the contract was due to expire on 31 July 2020 following an initial contract period of 3 years and that having a fund actuary appointed at all times was a requirement if the LGPS regulations. The PCB acknowledged that the relationship between the Council and Hymans Robertson had been successful over the course of the contract and noted that their performance had delivered value for the pension fund and its employers.

The PCB were advised that all costs of the contract would be met fully by the pension fund, meaning there would be no direct cost implications for the Council.

RESOLVED

That the Pensions Committee and Board approve an extension of the current contract with Hymans Robertson LLP for actuarial services as allowed under the contract for the period 1 August 2020 – 31 July 2023 in accordance with CSOs 3.03 and 10.02.1 at an estimated value of £239k.

378. LOCAL GOVERNMENT PENSION SCHEME GOVERNANCE UPDATE FROM INDEPENDENT ADVISOR

The Fund's Independent Advisor, John Raisin, provided an update by way of his LGPS report providing information to members of the Pensions Committee and Board regarding various changes underway within the Local Government Pension Scheme (LGPS).

The committee noted the information contained therein the report regarding good governance in the LGPS project and the outcome of a legal case relating to the LGPS in respect of which the Supreme Court delivered its judgement on 29 April 2020.

The following 3 points were highlighted to the PCB:

1. The Judgement issued by the Supreme Court on 29 April 2020 determined that the Secretary of State exceeded his powers,
2. The Judgement did not in any way suggest that Administering Authorities, such as the London Borough of Haringey, were not completely responsible for investment decisions relating to their LGPS Fund,
3. The Judgement did not undermine the overriding duty of the Administering Authority, in the words of the 2016 Statutory Guidance on Preparing and Maintaining an Investment Strategy Statement, that "...schemes should make the pursuit of a financial return their predominant concern..."

It was agreed for the Palestine Solidarity Campaign to be contacted regarding their offer to supply names of companies in contravention of international law. Enquiries to be made with fund managers to establish the types of companies invested in and whether a list existed similar to the Sullivan Principles in relation to disinvestment from Israel.

RESOLVED

That the Committee and Board note the contents of this report, and any other verbal updates provided by officers and the fund's Independent Advisor in the meeting.

379. 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 in the next twelve months. It was noted that due to the current Chair stepping down there would be a need to agree agenda items for this extended period as a new chair would not be appointed until the next Full Council meeting. The report sought Members' input into future agenda items as listed on page 45 of the agenda pack.

It was agreed that if changes are to be made then this could be done by PCB members via email in the absence of a chair.

It was agreed that once a response was received from Palestine Solidarity Campaign then this would be considered under the Governance Report item of the agenda for a future meeting.

RESOLVED

1. That the Committee and Board note and approve the forward plan.
2. That the Committee and Board note the update on member training attached at Appendices 3.

380. RISK REGISTER - REVIEW/UPDATE

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.

The PCB noted all new COVID-19 risks added to the register as set out at pages 50 to 51 of the report.

An error was noted under paragraph 6.5 of the report which stated “that none of the above risks have been flagged as ‘red’ risks to date” as risk INV12 had been rated red.

RESOLVED

1. That the Committee and Board note the risk register.
2. That the Committee and Board note the area of focus for review at the meeting is ‘Administration’ and ‘Communication’ risks.

381. 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 at the LAPFF on behalf of the Fund.

RESOLVED

That the Committee and Board note this report.

382. NEW ITEMS OF URGENT BUSINESS

None.

383. DATES OF FUTURE MEETINGS

20 October 2020

The PCB gave thanks to Cllr White for his work on behalf of the Committee as Chair and Thomas Skeen in his role as Head of Pensions.

384. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded from the meeting for consideration of item 17 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).

385. PENSION FUND QUARTERLY UPDATE AND INVESTMENTS UPDATE

The Committee considered the exempt report.

386. INVESTMENT STRATEGY REVIEW

The Committee considered the exempt report.

387. EXEMPT MINUTES

RESOLVED that the exempt minutes of the meeting held on 5 March 2020 be approved as a correct record.

388. NEW ITEMS OF EXEMPT URGENT BUSINESS

None.

CHAIR: Councillor John Bevan

Signed by Chair

Date