



LONDON BOROUGH OF BRENT

MINUTES OF THE BRENT PENSION FUND SUB-COMMITTEE Tuesday 28 June 2016 at 6.30 pm

PRESENT: Councillor S Choudhary (Chair), Councillor and Councillors Khan, Miller, Shahzad and Hammond

Apologies for absence were received from: Councillors Daly and Naheerathan

1. **Declarations of personal and prejudicial interests**

None.

2. **Minutes of the previous meeting**

RESOLVED:-

that the minutes of the previous meeting held on 23 February 2016 be approved as an accurate record of the meeting subject to confirmation of fund management costs saved by CIV since its inception in December 2015.

3. **Matters arising**

None.

4. **Deputations**

None.

5. **Quarterly monitoring report on fund activity: Quarter to March 2016**

Members received a report that provided a summary of the Fund's activity during the quarter ended 31 March 2016. The report also examined the economic and market background, and investment performance and commented on events in the quarter. In giving an overview of the report, Gareth Robinson (Head of Finance) highlighted the following main points:

The Fund increased in value by 1.9% from £662.3m to £675.9m during the quarter ended 31 March 2016, raising the calendar year (to 31 March 2016) total to £675.9m or by 2.6%. There were private equity distributions in the quarter of £3.3m. The Head of Finance continued that there was a poor overall relative return (0.2%). Equity either had no overall return or declined (Henderson small Cos) while Baillie Gifford (pooled multi-assets) had a -1.1% relative. Infrastructure assets by Alinda shone with a 2.7% relative return and there were private equity distributions in the quarter of £3.3m.

Peter Davies (Independent Adviser) gave a progress report highlighting changes since the main report was published. Members heard that due to potential slowdown in economic activity, the latest economic forecast for the UK had been revised downwards from 2.1% to 0.2% for the financial year. He drew members' attention to geo-political worries including the Syrian conflict, the Referendum on whether the UK should remain or leave the EU and the US Presidential campaign, which were a constant source of uncertainty for investors. Against this background, and with global growth slowing, the possibility of significant gains in equities during the remainder of 2016 looked slim, whereas government bonds were likely to be in demand as safe havens. Conrad Hall (Chief Finance Officer) assured members that the election result to leave the EU (Brexit) would not have an impact on Brent Pension Fund.

RESOLVED:

that the quarterly monitoring report for the period ending March 2016 be noted.

6. Brent Pension Fund: Annual Report and Accounts 2015/16

Members received a report on the Draft Annual Report and Accounts 2015/16 for the Pension Fund to give them an opportunity to comment on them prior to submission to the Audit Committee. In reference to the appendix to the report, Gareth Robinson (Head of Finance) drew members' attention to the Pension Fund Accounts, the employer organisations active within the Fund, total number of scheme members and the levels of contributions. He clarified the funding arrangements and the actuarial assumptions and added that investments in Dimensional were sold off and the proceeds passed over to Legal and General. Members heard that the reporting process on the accounts would start in the following month.

RESOLVED:

That the annual accounts of Brent Pension Fund 2016 be noted.

7. LONDON Collective Investment Vehicle (CIV) and Asset Transfers

Members considered a progress to remind them on recent progress in developing the collective investment vehicle and implications for the pension fund as well as decisions they would have to make regarding transferring investments to the Collective Investment Vehicle (CIV).

Gareth Robinson (Head of Finance) outlined the structures set up to facilitate the operation of the CIV and the key issues including the ability of the CIV to obtain lower investment fees due to the economies of scale, more effectively management of risks and access a wider range of investment opportunities through the sheer scale of the pooled resources. He referenced the transfer of funds to Legal and General Investment Management (£287.6m as at 31 March 2016 Draft Accounts or 45% of Pension Fund Assets and urged members to endorse a speedy transfer in order to avoid the risk of delaying the launch of the CIV which could reduce the immediate benefits to Brent.

RESOLVED:-

- (i) that the Legal & General Investment Transfer be agreed;
- (ii) that the Chief Finance Officer be granted delegated authority permitting him to execute the transfer as appropriate.

8. Response to Government Consultation on Pooling

The Government has given local government a deadline of the 15th July 2016 to respond to the consultation on Pooling Arrangements. However, they have also responded to the London CIV allowing Brent and its partners to give a collective response. The London CIV proposes to respond accordingly and collect all relevant data from its members, incorporating any local additional items into its own response.

Conrad Hall (Chief Finance Officer) requested members to send further comments they may have within a week of the meeting to his office to enable him to circulate the draft prior to its submission to central government office.

RESOLVED:-

that authority be delegated to the Chief Finance Officer to respond to the Government's consultation on pooling arrangements

9. Smaller Admitted Bodies and the Triennial Review

Members received a report that provided an update on the impact of the Triennial Review and the increasingly differentiated risks attached to the Various Bodies. The report also updated members on the review and planned actions that officers were starting to take to ensure that risks are addressed.

Gareth Robinson (Head of Finance) informed members that plans to manage the reduction of the deficit can to some limited extent be tailored to fit local need, however, they must be prudent and sustainable in order to protect the interests of all members of the Fund. Members heard that a risk assessment was commissioned to ensure that admitted bodies that may be most at risk of facing sharp increases in their contribution rate can be contacted now, thus opening a dialogue around the likely issues and any possible mitigation.

Conrad Hall (Chief Finance Officer) added that Brent's officers had reviewed the data and over the next month would contact the admitted bodies to open dialogue on the triennial valuation. He continued that the actual rate of contributions required and any localised plan would still not be decided till September and that benefits to members of those admitted bodies that failed would not be affected.

RESOLVED:

that the progress report on smaller admitted bodies and the triennial review be noted.

10. **Minutes of Pension Board 2 February 2016**

David Ewart (Chair of Brent Pension Board) drew members attention to the work programme and added that it had been agreed that Board should meet three times annually.

RESOLVED:

that the minutes of Brent Pension Board be noted.

11. **Any other urgent business**

None.

The meeting closed at 7.35 pm

S CHOUDHARY
Chair