



## **MINUTES OF THE PENSION BOARD**

### **Wednesday 26 July 2017 at 7.00 pm**

PRESENT: Councillor Mr Ewart (Chair) and Councillors Crane, Kabir, Ms Bola George and Mr Euton Stewart

Apologies were received from: Mr Dawson

#### **1. Declarations of interests**

None.

#### **2. Minutes of the previous meeting**

RESOLVED:-

that the minutes of the last meeting held on 9 March 2017 be approved as an accurate record.

#### **3. Matters arising**

Employees and Scheme Benefits

Mildred Phillips (Head of Employee Services) informed members that the employee portal was now up and running. She added that future benefit statements would be issued to members via the portal and that hard copy statements will only be issued if requested by the individual concerned. The Chair requested that consideration be given to including information on the Board's work be included on the portal.

#### **4. Annual Report 2017 from the Chair**

The Board considered a report that provided a summary of the work carried out by the Council's Pensions Board, covering the period July 2016 to the end of 2016/17. The report also presented details of the Board members, training, the programme of work and items discussed during the Board's three meetings during the year, and major concerns to draw to the Council's attention.

In the discussions that followed, the Board reiterated the concerns highlighted in the report and summarised below and, asked that they be brought to the attention of the Council.

Concern about Brent Pension Fund's level of funding which was considered to be the lowest in Local Government despite the relatively good current performance of the fund's investment and the Council's contribution rates to bring the level of funding back to full funding over the longer term.

Pensions' administration contract performance by Capita in particular, timeliness of cases involving payments was still only at 66.2%.

Data relating to Career Average Revalued Earnings (CARE) appeared not to have been included as part of data supplied by Capita to be analysed by the Fund's Actuary for the Triennial Review process, which led to delays in the finalisation of the Triennial Review of the funding level and contribution rates

782 Annual Benefit Statements had not been sent out to active members of the Scheme, despite an agreed 30<sup>th</sup> November 2016 deadline, (which was already late) and of those that were sent, a minority contained inaccuracies.

The Board was particularly concerned that the Council had needed to contact The Pensions Regulator to state that there had been non-compliance with the required Regulations due to delays in sending out the Annual Benefit Statements.

RESOLVED:

That the Director of Human Resources be requested to submit a report to the Council's General Purposes Committee highlighting the concerns above on Brent pension Fund's level of funding and the performance of the pensions' administration contractor, Capita.

#### **5. Pension Fund Quarterly monitoring report to March 2017**

The Board received a report that provided a summary of the Fund's activity during the quarter ended 31 March 2017. The report also examined the economic and market background, and investment performance, as well as commenting on events in the quarter. Ravinder Jassar (Head of Finance) in introducing the report highlighted that during the quarter ending 31 March 2017, Brent Pension Fund increased in value by 3.5% from £775.4m to £802.7m and in the calendar year of 2016/17 the value of the fund rose by 17.3% compared to the benchmark of 16%.

He drew members' attention to table 1 of the report that summarised the changes in asset allocation during the quarter. Members noted that the Fund was overweight in equities which he explained was due to general rise in equity markets. The Fund was also overweight in cash by £50million. He clarified that this was held principally for further calls on capital commitments in private equity and infrastructure as well as to re-allocate to other investments. He continued that between £30m to £40m in cash would also be required to fund transfer values in relation to the College of North West London as it had been agreed by their governing body to merge with the City of Westminster College and transfer their element of the Pension Fund to the London Pension Fund Authority (LPFA). This was currently planned for August 2017.

He then drew members' attention to table 2 in the report which summarised the performance of investment returns against the relevant benchmark of different categories. Members noted that all investment categories; fixed income (Henderson Bond); equities (Legal and General); European Property (Aviva); infrastructure (Alinda); pooled multi asset (Baillie Gifford) had outperformed the benchmark. He continued that as Henderson Small Caps had underperformed the benchmark growth in 6 of 8 quarters due to market volatility, the holding may be reviewed in the near future. Members noted the Fund's compliance with a number of its own investment restrictions.

RESOLVED:

- (i) That the Brent Pension Fund's quarterly monitoring report ending March 2017 be noted.
- (ii) That the Fund's compliance with a number of key investment restrictions as set out in the report be noted.

## 6. **Draft Pension Fund Annual Report**

The Board received a report that presented the draft Pension Fund Annual Report and Annual Accounts for the year ended 31 March 2016. Ravinder Jassar (Head of Finance) summarised the key points in the draft accounts. Members heard that against a backdrop of continued uncertainty in the global economy and volatility in the financial markets, the value of the Fund's net investment assets was £803.6m, up from £675.9m in 2015/16.

Total contributions received from employers and employees totalled £48.5m for the year, an increase on the previous year's £46.3m. Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, totalled £40.0m, an increase on the previous year's £37.9m, demonstrating a positive cash flow position for the year. He added that the Pension Fund had recently had its Triennial Review, which set the rates for 2017/18 through 2019/20.

In welcoming the report members noted a significant drop in investment management expenses from £6.9m to £2.98m, partly due to the London Collective Investment Vehicle (CIV). Another significant noteworthy fact was the Fund's compliance on the governance of the Local Government Pension Scheme (LGPS) issued by the Secretary of State for Communities and Local Government. Members took note of the key risks and controls and decided that it be submitted to the next meeting of the Board. In response to a member's question about the impact of reduced funding from central government, the Head of Finance stated that the Fund's actuaries assessment modelling was based on certain assumptions which included external funding.

RESOLVED:

- (i) That Draft Pension Fund Annual report be noted;
- (ii) That the Board wish to place on record its appreciation to officers for such a comprehensive draft report on the Fund's account.

## 7. **Outcome of the Triennial Review**

This report updated members on the outcome of the 2016 Triennial Review for the Brent Pension fund. Ravinder Jassar (Head of Finance) introduced the report. Members heard that the 2016 valuation revealed that the Fund's assets were sufficient to meet 56% of the liabilities although the Fund was still on track to achieve full funding in the anticipated 19 years (As per the funding policy set out in the Funding Strategy Statement which was reviewed as part of the 2016 valuation)

He referenced the slides presented by Hymans Robertson (actuaries) and highlighted the significance of on-going data cleansing prior to the next valuation in 2019. Members were advised that the Funds which were of concern to Scheme Advisory Board were those which had low contributions and low funding levels, unlike Brent Pension Fund which was characterised by low funding levels and high contributions.

RESOLVED:

That the outcome of the triennial review be noted.

**8. Recruitment of Employer Representative**

The Board noted the casual vacancy in its membership created as a result of the resignation of Angela Cattermole (Employer representative other than Council) and urged the Director of Human Resources to take appropriate steps through Employers Forum to find a suitable replacement to fill the casual vacancy.

**9. Any other urgent business**

None.

**10. Exclusion of press and public**

RESOLVED:

This the press and public be excluded from the remainder of the meeting as the reports to be considered it contained the following category of exempt information as specified in Schedule 12A of the Local Government Act, 1972, namely:

Information relating to the financial or business affairs of particular persons (including the Authority holding that information).'

**11. Pension Administration Service Contract Extension and Future Provision**

Members considered a report that informed the Pensions Board of the approval given by Corporate Management Team (CMT) for an extension of the Pension Administration Contract between the Council and Capita Employee Benefits for twelve months.

RESOLVED:

- (i) That the decision to extend the pension administration contract between the Council and Capita for a period of twelve months until the 30<sup>th</sup> September 2018 on the basis that there are good business and operational reasons as set out in the report be noted;
- (ii) That the board notes that Brent would be seeking to appoint a suitable partner at a suitable date for the pension administration service.

## 12. **Pensions Administration Update**

Members considered a report from the Director of Human Resources that provided an update to the Pension Board on Brent Housing Partnership (BHP) re-enrolment, Pensions Regulator, Year End Returns and Capita's performance to 6 months ending 31 March 2017. In welcoming the report, the Chair, on behalf of the Board expressed appreciation to the team of officers in both Human Resources and Finance for an in-depth report.

RESOLVED:

That the updates on BHP re-enrolment, Pensions Regulator and Capita's performance be noted.

The meeting closed at 8.30 pm

MR. D EWART  
Independent Chair