



# LONDON BOROUGH OF BRENT

## MINUTES OF THE BRENT PENSION FUND SUB-COMMITTEE Tuesday 28 February 2012 at 6.30 pm

PRESENT: Councillor S Choudhary (Chair), Councillor and Councillors Mitchell Murray, Hashmi and BM Patel

Apologies were received from: Councillors Mrs Bacchus, Crane and George Fraser

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

None declared.

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

RESOLVED:-

that the minutes of the previous meeting held on 29 November 2011 be approved as an accurate record of the meeting.

### 3. **Matters arising**

Martin Spriggs, Head of Exchequer and Investment informed members that Hymans Robertson, the appointed actuary, had already begun working for Brent Pension Fund.

### 4. **Deputations**

None.

### 5. **Report from Henderson Global Investors**

Mark Fulwood (MF) and Kevin Adams (KA), representatives of Henderson Global Investors gave a presentation to the Sub-Committee. MF informed members that gilts had a phenomenal performance (15.6%) over the 12 month period in a market characterised by volatility. He added that the performance level was assisted by quantitative easing (QE) and advised that it was unlikely to be repeated next year. He stated that the reduction in the fund value from £85.13m to £83.30 was due to withdrawals (£3m) to meet benefit payments and to fund other investments.

In providing the market outlook, the representatives drew members' attention to market uncertainties for all economies which were reflected in slow growth rates in

UK, USA and Japan. They added that the bailout of Greece and the prospect of it defaulting would constrain European economies.

RESOLVED:

that the report by Henderson Global Investors be noted.

**6. Report from Alinda Capital Partners (infrastructure manager)**

Simon Riggall (SR), Marissa Szczepaniak (MS) and Igor Makar (IM), representatives of Alinda Infrastructure Fund, gave a presentation to the sub-Committee. In updating members on their performance, SR stated that the fund size was \$4billion with about 60% invested in seven infrastructure strategies, all of which were performing well. He added that the average yield paid to limited partners for 2011 was 7.6% with about 8.5% per annum since inception. Three new acquisitions made in 2011.

In responding to questions about the possible impact of slow growth rates on investments, the representatives told members that the businesses in which Alinda was involved were less reliant on the business cycle, having little debt, guaranteed cash flows and no airports.

RESOLVED:

that the report by Alinda be noted.

**7. Monitoring report on fund activity for the quarter ended 31 December 2011**

MS introduced the report that provided a summary of fund activity during the quarter ended 31 December 2011. He advised members that the Fund had risen in value from £453m to £467m, but had underperformed its benchmark (-1%) and the average local authority fund return for the quarter (-2%). Over one year, the Fund underperformed its benchmark by -1.1% mainly due to hedge funds, emerging markets and overseas property. Over one year, the Fund underperformed the average local authority fund by (-0.6%), mainly as a result of underperformance in bonds and hedge funds, offset by gains from asset allocation (reduced equities, additional alternatives).

In updating members on the performance of the respective investments, he advised members that although fixed interest (both the core and satellite portfolios) outperformed the benchmark, Henderson remained cautious about markets, keeping around 9% of the portfolio in money market funds. Global Tactical Asset Allocation (GTAA) added value to the Fund in three of the four strategies with the main contributors being currency and equity market selection. Despite both value and small stocks generally outperforming during the quarter, the emerging market within the Fund underperformed. The European property performance was reduced by the fall in the euro. In respect of Hedge funds, the Jubilee Fund managed by Fauchier Partners lost value as equity and event driven strategies were affected by market falls. Private equity valuations fell, reflecting falling equity markets the previous quarter and a fall in the value of the euro.

Valentine Furniss, the Independent Adviser circulated an updated paper with the latest statistics on investments, in addition to his report that was had been sent previously to members. He informed members that the UK austerity programme was likely to continue for some two more years which would further result in slow growth or a recession with rising unemployment. He added that as the Bank of England continued with quantitative easing (QE), institutional investors were trimming their investments in gilts.

RESOLVED:

That the monitoring report on fund activity for the quarter ended 31<sup>st</sup> December 2011 be noted.

#### 8. **Learning and Skills - CIPFA Code of Practice**

Members received a report that detailed the CIPFA Knowledge and Skills Code of Practice and its implementation at Brent Council. MS stated that CIPFA had now issued a Code of Practice on Finance Knowledge and Skills which was being introduced from 1 April 2012, and would require a compliance report on members' learning and development for inclusion in the Annual Report and Accounts for 2012/13.

He outlined the number of ways in which members could increase their knowledge and skills levels as detailed in the report and proposed that members adopted a target number of hours to be spent annually on learning and development. He drew attention to the practice adopted by the London Borough of Hillingdon for a target of three days training (21 hours) per year, based on time spent including meetings, training events, seminars/conferences, briefings and reading. He undertook to keep a record of member attendances at sub-committee meetings and training events and requested members to tell him about other training undertaken.

During the discussion that followed, members expressed a wish for a handbook on pensions in addition to the pre-meetings and training sessions that were being organised. Valentine Furniss suggested the "Made Simple" publication on pensions which most members already possess. In response, Clive Heaphy, Director of Finance and Corporate Services undertook to continue regular training sessions in addition to a members' handbook.

RESOLVED:

- (i) that the report on learning skills, CIPFA Code of Practice be noted
- (ii) that the following be agreed;
  - the adoption of the Key Principles, Statement and Policy Statement;
  - the requirement to undertake regular learning and development on pensions finance knowledge and skills;
  - the target of 21 hours per annum for learning and development.

9. **Any other urgent business**

None.

10. **Date of next meeting**

The date of next meeting will be confirmed after the Council Annual meeting in May 2012.

11. **Exclusion of Press and Public**

RESOLVED:

that the press and public be excluded from the remainder of the meeting as the reports to be considered contained a category of exempt information as specified in paragraph 12A of the Local Government (Access to Information) Act 1972, namely;

“3. Information relating to the financial and business affairs of particular persons (including the authority holding that information)”.

12. **Proposals to join the Global Dynamic Bond Fund**

Members received a report proposing that Brent Pension Fund invested in the Global Dynamic Bond Fund (GDBF) managed by Henderson Global Investors. Martin Spriggs referred members to the learning and development session that explained the proposals and the operation of GDBF. He highlighted the salient points and clarified the options contained in the report.

RESOLVED:

that the Brent Pension Fund join the Global Dynamic Bond Fund.

13. **Proposals for the UK equities in house fund**

Martin Spriggs introduced the report examining the management of UK equities. Further action would be undertaken during the June quarter.

RESOLVED:

that the proposal be agreed.

The meeting closed at 8.50 pm

S CHOUDHARY  
Chair