



Brent Pension Fund Sub-Committee

Wednesday 27 February 2019 at 6.00 pm

Board Room 2 - Brent Civic Centre, Engineers Way,
Wembley HA9 0FJ

Membership:

Members

Councillors:

S Choudhary (Chair)

Aden (Vice-Chair)

Daly

Lo

Maurice

Perrin

Stephens

Substitute Members

Councillors

A Choudry, Kabir, McLeish and
Naheerathan

Councillors

Colwill and Kansagra

Non-Voting Co-opted Members

Bankole

Brent Unison representative

For further information contact: Joe Kwateng, Governance Officer
0208 937 1354; joe.kwateng@brent.gov.uk

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democracy.brent.gov.uk

The press and public are welcome to attend this meeting

Please note that Members only training will start at 5.00pm.

Notes for Members - Declarations of Interest:

If a Member is aware they have a Disclosable Pecuniary Interest* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent and must leave the room without participating in discussion of the item.

If a Member is aware they have a Personal Interest** in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent.

If the Personal Interest is also significant enough to affect your judgement of a public interest and either it affects a financial position or relates to a regulatory matter then after disclosing the interest to the meeting the Member must leave the room without participating in discussion of the item, except that they may first make representations, answer questions or give evidence relating to the matter, provided that the public are allowed to attend the meeting for those purposes.

***Disclosable Pecuniary Interests:**

- (a) **Employment, etc.** - Any employment, office, trade, profession or vocation carried on for profit gain.
- (b) **Sponsorship** - Any payment or other financial benefit in respect of expenses in carrying out duties as a member, or of election; including from a trade union.
- (c) **Contracts** - Any current contract for goods, services or works, between the Councillors or their partner (or a body in which one has a beneficial interest) and the council.
- (d) **Land** - Any beneficial interest in land which is within the council's area.
- (e) **Licences** - Any licence to occupy land in the council's area for a month or longer.
- (f) **Corporate tenancies** - Any tenancy between the council and a body in which the Councillor or their partner have a beneficial interest.
- (g) **Securities** - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

****Personal Interests:**

The business relates to or affects:

- (a) Anybody of which you are a member or in a position of general control or management, and:

- To which you are appointed by the council;
- which exercises functions of a public nature;
- which is directed is to charitable purposes;
- whose principal purposes include the influence of public opinion or policy (including a political party or trade union).

- (b) The interests of a person from whom you have received gifts or hospitality of at least £50 as a member in the municipal year;

or

A decision in relation to that business might reasonably be regarded as affecting the well-being or financial position of:

- You yourself;

a member of your family or your friend or any person with whom you have a close association or any person or body who is the subject of a registrable personal interest.

Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members

Item	Page
1 Declarations of personal and prejudicial interests	
Members are invited to declare at this stage of the meeting, any relevant personal and prejudicial interests and discloseable pecuniary interests in any matter to be considered at this meeting.	
2 Minutes of the previous meeting	1 - 8
3 Matters arising	
4 Deputations (if any)	
5 Implementation of the Investment Strategy	9 - 16
This report updates the Sub-Committee on progress on the implementation of the investment strategy.	
Ward affected: All Wards Contact Officer: Conrad Hall, Chief Finance Officer Tel: 020 8937 6528 conrad.hall@brent.gov.uk	
6 Monitoring report on fund activity for the quarter ended December 2018	17 - 38
The report provides a summary of the Fund's activity during the quarter ended 31 December 2018. It examines the economic and market background, and investment performance, as well as commenting on events in the quarter.	

7 London CIV Update

39 - 44

The purpose of this report is to update the Sub-Committee on recent developments within the London CIV and the timescales attached to making investment decisions.

I have attached an appendix to the report.

Ward affected: All Wards

Contact Officer: Conrad Hall, Chief Finance Officer

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conrad.hall@brent.gov.uk

8 MHCLG Statutory guidance on asset pooling in the Local Government Pension Scheme (LGPS) Consultation 45 - 58

The Ministry of Housing, Communities and Local Government (MHCLG) have launched an informal consultation on draft new statutory guidance on asset pooling. This guidance sets out the requirements on administering authorities in relation to the pooling of LGPS assets and builds on previous Ministerial communications and guidance on investment strategies.

I have attached an appendix to the report.

Ward affected: All Wards

Contact Officer: Conrad Hall, Chief Finance Officer

Tel: 020 8937 6528

conrad.hall@brent.gov.uk

9 Minutes of Pension Board

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10 Date of next meeting

This will be confirmed at the Council's Annual General Meeting in May 2019.

11 Any other urgent business

Notice of items to be raised under this heading must be given in writing to the Head of Executive and Member Services or his representative before the meeting in accordance with Standing Order 60.



Please remember to set your mobile phone to silent during the meeting.

- The meeting room is accessible by lift and seats will be provided for members of the public.

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LONDON BOROUGH OF BRENT

MINUTES OF THE BRENT PENSION FUND SUB-COMMITTEE Tuesday 6 November 2018 at 6.00 pm

PRESENT: Councillor S Choudhary (Chair) and Councillors Daly, Perrin and Stephens

Also present: Councillor McLennan (Deputy Leader and Lead Member for Resources), William Marshall & Nick Jellema (Hymans Robertson), Kevin Cullen, Will McBean and Larissa Benbow (London CIV), Peter Davies (Sub Committee Independent Financial Adviser) & David Ewart (Pension Board Chair).

Apologies for absence were received from: Councillors Maurice and Liz Hammond (UNISON co-opted member)

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 Tuesday 26 June 2018 be approved as an accurate record of the meeting.

3. **Matters arising**

There were no matters arising from the previous meeting.

4. **Deputations (if any)**

Councillor Choudhary (as Chair) advised that he had agreed, in advance of the meeting, to accept a request for a deputation received from Simon Erskine (representing Divest Brent & Friends of the Earth) in relation to Agenda Item 6 "Responsible Investment Policy".

Whilst Mr Erskine had subsequently advised he would not be able to attend the meeting, due to illness, and had therefore withdrawn his request he had asked for the Sub Committee to be made aware of the issue he wished to address them on, which it was confirmed had been circulated to members and was as follows:

The recommendation in para. 2.1 of the Chief Finance Officer's report is "to note and support the Responsible Investment Policy". However, the policy includes the following "1.1.1 (f) We believe pre-determined divestment on a rules-based approach is contrary to Government guidance and does not form part of this RI policy". We do not agree with this statement, which seems to go against Government guidance to have regard to climate change risks to investments and, more seriously, would appear to conflict with the Council's stated commitment to

divest the Brent Pension Fund from fossil fuel investments. We would therefore suggest that the wording of the proposed resolution should be amended to the following: “to note and support the Responsible Investment Policy without in any way limiting the Council’s ability to adopt a policy for the Brent Pension Fund of divestment from fossil fuel investment if considered appropriate”.

5. **Proposed adoption of the new Investment Strategy**

Ravinder Jassar (Head of Finance) introduced the report updating the Sub-Committee on progress with the Investment Strategy review and decisions being recommended in relation to its implementation over the medium to short term.

The progress update followed on from presentation of the initial outcomes of the review at the Sub Committee meeting in June 2018, with the updated list of proposed Investment Beliefs and objectives to accompany the Strategy, detailed in Appendix A of the report. As the detailed review of the Strategy had been led by Hymans Robertson LLP, Ravinder Jassar introduced William Marshall (Partner) and Nick Jellema (Investment Consultant) from Hymans Roberston LLP who then gave a presentation, outlining the key outcomes of the review for consideration by the Sub Committee.

Key areas highlighted during the presentation were as follows:

- The three main elements to the review which had involved a focus on:
 - Developing a final set of Investment Beliefs and objectives upon which the Strategy would be based;
 - Developing an understanding of the risk/return dynamics of the Funds Investment Strategy involving a recommended move towards a more diversified investment strategy also taking account of the availability of suitable investment opportunities through the London CIV pooling arrangements;
 - The underlying components of the growth, income and protection elements of the strategy with the aim being to reduce volatility and generate target returns;
- The core recommendations made as a result of the review in relation to Growth (Listed Equities). This involved a more diversified approach including the switch of a proportion of the Funds UK small caps in order to increase the extent of regional diversification and equity allocation to emerging markets. This would be linked to consideration, during 2019, of further diversification in terms of the Funds regional equities, including the potential move towards environmental, social and governance (ESG) benchmarked funds. In terms of the move towards emerging markets the Sub Committee noted the consideration needing to be given towards a more active or passive management of the funds along with the factors to be considered which included fees/costs, governance and access. In terms of Listed Equities the Sub Committee was minded to support the recommended continuation of passive management. Given the more unpredictable nature of the emerging markets, however, the Sub Committee felt a more active approach be taken towards the management of these equities, which was also supported by Peter Davies (as the Sub Committee’s Independent Financial Adviser).
- The Sub-Committee noted the update provided on performance in relation to the regional focus on Listed Equity funds and that whilst diversification into emerging markets would provide greater potential opportunity for more active

- management this would need to be balanced against consideration of associated fees and governance requirements alongside patience in terms of performance.
- The review had also focussed on ways of increasing the protection of assets to market volatility in terms of variations in interest rates, inflation and exposure to other more extreme fluctuations in the market. At present the Sub-Committee noted that the only fixed term income mandate within the Fund was provided through the Janus Henderson's Total Return Bond (TRB). Details on its current performance had been provided in section 5.1 of the report to the Sub-Committee. On the basis of current performance not meeting the Fund's expectations and fact that the TRB would not be transitioning to the London CIV platform the Sub-Committee were being asked to consider selling the TRB, which Members were minded to support. As part of the investment review it had been proposed that the current target allocation of 15% to Fixed Income assets was retained with 10% managed passively in Government Bonds and the remaining 5% in a Multi Asset Credit (MAC) Fund. This approach had been designed to reflect the Fund's investment beliefs in relation to risk and return relative to liabilities. In terms of the passive bond fund mandate the recommendation was to invest 10% of the redeemed Henderson's TRB in a long dated gilts fund managed by Blackrock's, which the London CIV included within their oversight on a reduced fee basis and which would also provide some diversification from the fund assets managed through LGIM. In terms of the MAC, it was proposed to invest in the Fund launched by the London CIV, on the basis of the approach outlined in section 5.5 – 5.8 of the Sub-Committee report, which again Members were minded to support.
 - In terms of growth in relation to Private Equity investment the Sub Committee noted the range of options available along with the advantages and disadvantages with these type of investments, as highlighted within the presentation from Hymans Robertson. In terms of the Funds current exposure it was noted that this was in the form of the existing commitment to Capital Dynamics. Given the potential issues identified, particularly in relation to governance aspects associated with investments in these type of assets, the strategic recommendation arising from the review had been not to commit further assets to private equity.
 - In terms of income assets the investment review had recommended, as a strategic aim, increasing the allocation to income assets with the Fund seeking to build on its existing infrastructure exposure whilst also considering other yielding assets such as property. As part of their presentation to the Sub Committee, Hymans Robertson outlined how this may look in terms of the type of asset and investment options, potential advantages and exposure to risk depending on the returns being sought. Whilst recognising the potential to provide more predictable levels of return, the Sub Committee noted the need to consider the more long term nature of investments, particularly in relation to infrastructure, focussed around growth in order to achieve the higher rates of return which at the same time would involve exposure to a higher level of potential risk. The target allocation increase being recommended as a result of the review in relation to infrastructure had been from 8% - 15% with current exposure at 4% split between a 3% allocation to Alinda and 1% allocation to Capital Dynamics and remaining capital commitments of £17.4m and £1.4m respectively. The London CIV was expected to have an infrastructure fund available by April 2019 and it was

therefore proposed, supported by Members, that further decisions regarding investment in infrastructure should be considered at the Sub Committee's next meeting in February 2019.

In relation to property, the review had also recommended a 10% allocation to property, with the Fund currently only exposed to a small legacy investment totalling £0.7m. The Sub-Committee noted that the London CIV were planning to make two property funds (UK – residential and commercial and global) available for investment in early 2019 with further consideration to be given to the development of this option and any potential interim measures required during 2019 and as the nature of the products available evolved.

- The current position in relation to cash holdings within the Fund and summary of options available to utilise the funding identified as available, as detailed in section 7 of the Sub Committee report with the Sub Committee supportive of the approach recommended in the report based on Options 1 & 2. In response to a query from a member of the Sub Committee, regarding the potential impact of voluntary redundancy payments on the Fund, Conrad Hall confirmed that these had been taken into account as part of the review and were not expected to affect the overall cash position of the Fund.

The Chair thanked William Marshall and Nick Jellema (Hymans Robertson) for presenting the outcome of the Strategic Investment Review and then welcomed Kevin Cullen & Will McBean (Client Relations) and Larissa Benbow (Head of Fixed Income) from the London CIV to the meeting who had been invited to provide an update (given the various references within the Investment Review) on the London CIV.

Key issues highlighted for the Sub Committee during the update were as follows:

- The current pooling landscape nationally and within London in relation to Local Government Pension Funds;
- The update in relation to establishment and organisation of the London CIV with the Sub Committee noting that over 45% of assets across London were now being managed on a pooled basis;
- The revised Governance Structure for the London CIV, with significant changes involving the inclusion of two Local Authority members as non-executive Directors on the Board and the establishment of a Shareholder Committee along with the internal and external independent oversight arrangements;
- The current Fund offering by the London CIV which had included the launch of an Emerging Market Equity Fund, Global and UK Equities Funds, Multi Asset Credit and Global Bond Funds;
- The Funds currently targeted for launch, which included an Infrastructure Fund, Inflation Plus Fund, UK Property Fund and Global Equity Core Fund along with outline timetable;

A more detailed summary was then provided in relation to the objectives, design structure, operating model (including subscription process and fees) developed for the London CIV Infrastructure Fund, which included an outsourced Head of Fund following the appointment of Stepstone. The Sub Committee noted the detailed timeline provided for launch of the fund with the subscription process due to open in early 2019. In addition further details were also provided, linked to the Investment

Strategy review, on the design operation and early performance of the Multi Asset Credit Fund which had been launched by the CIV. Finally details were provided on the London CIV's Responsible Investment Policy, which had been formally ratified by the CIV Shareholder Committee in October 2018.

The Chair thanked Kevin Cullen, Will McBean and Larissa Benbow for the update and then invited Conrad Hall (as Chief Finance Officer) to provide a brief summary of the key recommendations in relation to the outcome of the Investment Strategy Review that the Sub Committee were being asked to consider.

In terms of the key recommendations, having considered the Investment Beliefs detailed in Appendix A of the report Conrad Hall then drew the Sub Committee's attention to the need to consider the proposed target and interim asset allocations as detailed within Appendix B of the report, which had been designed to reflect the strategic recommendations arising from the review and maximise use of the cash holdings available.

The Sub Committee thanked Conrad Hall and Ravinder Jassar for the update provided and following on from the presentations it was **RESOLVED** as a result of the Investment Strategy review:

- (1) To approve the Investment Beliefs, as set out in Appendix A of the report.
- (2) To approve the proposed target and interim asset allocation, as set out in Appendix B of the report
- (3) As a result of (1) and (2) above, to delegate authority to the Chief Finance Officer to sell holdings that are not consistent with the new strategy and to acquire new holdings including the following actions:
 - (a) To sell the Janus Henderson Total Return Bond and buy passive longer dated gilts with BlackRock and the London CIV Multi Asset Credit Fund utilising a proportion of the available cash held for investment, as detailed in section 5 of the report;
 - (b) To sell the Janus Henderson Small Caps UK equities mandate, as detailed in section 7 of the report;
 - (c) To hold a more regionally diversified approach to global equities, by reducing the Fund's UK equity exposure and introducing an allocation to emerging markets which would be managed on a more active basis, as detailed in section 4 of the report;
 - (d) To utilise part of the current cash balance available for investment in the interim whilst suitable investments became available to achieve the proposed Investment Strategy, as detailed in section 7 of the report with further detailed consideration of the investment proposed in relation to growth and protection assets including infrastructure to be undertaken at the next Sub Committee meeting in February 2019.

6. Responsible Investment Policy

Ravinder Jassar introduced the report which detailed the Responsible Investment Policy adopted by the London CIV and set out the approach that the London CIV aimed to follow in terms of integrating environmental, social and governance (ESG) issues in its investments.

Larissa Benbow (Head of Fixed Income – London CIV) was invited to introduce the framework agreed by the London CIV which she advised had been focussed around engagement and accountability. On this basis, she explained that the core of the policy involved the London CIV being an engaged investor, exercising the rights of ownership and holding to account those who managed their investments. The Sub Committee noted that the policy did not include blanket exclusion and divestment providing instead a framework for developing policies and seeking to engage and influence investment managers on specific issues.

The Sub Committee noted the key beliefs and guiding principles adopted by the London CIV in relation to their Responsible Investment Policy. Having recognised the preference amongst some members of the London CIV for certain exclusions to apply, this would however be an option the CIV were proposing to launch during 2019 although it remained a core belief that the aim to encourage responsible ownership would be most effective with the CIV holding relevant assets. This was a view supported by members of the Sub Committee, who recognised that whilst there would be occasions in which the Fund would be required to challenge practices there was also evidence to support the benefits of seeking to engage and influence investment bodies in relation to their social performance and policies.

As a result of the presentation the Sub Committee **RESOLVED** to note and support the Responsible Investment Policy adopted by the London CIV.

7. **Monitoring report on fund activity: Quarter ending 30 June 2018**

Folake Olufeko (Senior Finance Analyst) introduced the report, which provided a summary of the Fund's activity during the quarter ended June 2018. The report included an examination of the economic and market background and investment performance of the Fund as well as commenting on events during the monitoring period.

The Committee noted the following key updates in relation to Fund activity:

- During the quarter ended 30 June 18 the Fund had increased in value by 5.4% (£44.6m) from £831.1m to £875.8m. This represented an improved position from the reduction in value of £23.9m reported for the previous quarter;
- The increase in value of the Fund had mainly been attributable to the increase in value of UK and Global Equities, primarily Global Equities with an increase of £21.4m;
- The value of cash being held had also increased by £14m since the previous quarter. The balance of cash deposits totalled £108.5m which was currently being invested in Money Market Funds and short term loans to generate as much interest as possible. Cash was also being held for capital commitments in relation to Alinda and Capital Dynamics and to fund transfer values in relation to the College of North West London (as a result of their decision to merge with the City of Westminster College and transfer their element of the Pension Fund to the London Pension Fund Authority). The decisions taken in

- relation to the Revised Investment Strategy would also utilise a significant proportion of cash balances by the first quarter of 2019;
- The change in the Funds asset allocation as at 30 June 18 as detailed within Table 1 of the report.

The Chair then invited Peter Davies (Independent Advisor to the Sub Committee) to introduce his quarterly report covering the period April – June 18. In terms of the economy, Members were advised that growth forecasts for 2018 had been moderated since April with the consensus forecasts for 2019 also having been lowered slightly. In terms of interest rates the Federal Reserve had raised US rates in June by 0.25% and indicated that two further rises were likely during the year as a response to the strong US economy and tightening labour market. The European Central Bank had announced that its programme of bond purchases would cease by the end of 2018 and had indicated no rise in interest rates was planned before mid-2019. The Bank of England had also deferred a rate rise in May, due to the slowing of the UK economy but had subsequently increased the rate to 0.75%, the highest level since 2009. Other significant issues impacting on the economic outlook included the escalation in the trade war between the US and China and Brexit.

In terms of performance on the equities markets, Peter Davies outlined the rebound in the markets following the falls experienced during the first quarter of the year but advised that at the end of June North America was the only region showing a positive return for the year to date. The surge in the oil and gas sector had also continued along with strong performance in Technology. In relation to Bonds, Members noted that despite the rise in short term interest rates, longer term US bond yields had experienced little change over the quarter, although the 10 year yield had briefly exceeded 3%. Members noted the updates also provided in relation to currencies, commodities and property. In terms of the overall outlook Peter Davies concluded by advising the Sub Committee that whilst the equity markets appeared to have recovered their equilibrium following the volatility in January/February, on closer inspection it had only been the US equity market which had made gains during the year and these were felt to be largely attributable to cuts in Corporation Tax. Uncertainty also remained in relation to the ongoing impact of the trade war between the US and China and Brexit. It was also felt that the increase in US interest rates, when combined with actions by other central banks, had signalled that the era of artificially cheap money was ending which would limit the potential for further rises in equity or bond markets.

Members, whilst noting the update provided, also highlighted the fact that the information provided only reflected the position up to June 2018 and not as it currently stood. Whilst noting that the monitoring update was designed to provide a longer term focus and that indicators from the end of October had not (as highlighted by Peter Davies) identified any significant change in position, Ravinder Jassar advised that he had recognised the concern raised and would therefore seek to review future reporting deadlines and meeting dates in order to better align and reduce the time lag in data on which the monitoring updates were based.

As no further issues were raised the Chair thanked Peter Davies and Folake Olufeko for the update provided and the Sub Committee **RESOLVED** to note the Brent Pension Fund quarterly update and Independent Financial Advisors Investment Report.

8. **Brent Pension Fund Annual Accounts and Annual Report 2017/18**

Ravinder Jassar introduced the report, which he advised the Sub Committee now presented the audited Pension Fund Annual Report and Annual Accounts for the year ended 31 March 2018.

Members noted that the unaudited accounts and Annual Report had been subject to detailed consideration at the previous Sub Committee meeting in June 2018 with the main items to note set out in section 3.2 of the report.

On this basis, the Sub Committee **RESOLVED** to formally note the audited Pension Fund Annual Report and Accounts for the year ended 31 March 2018.

9. **Minutes of the Pension Board**

The Chair welcomed David Ewart (Chair of the Pension Board) to the meeting and invited him to provide a brief summary of the last Board meeting, which had been held on Tuesday 24 July 2018. David Ewart advised that the Board meeting had been positive with an update provided on progress with the transition of the Pension Administration contract to the Local Pension Partnership (LPP). Whilst noting the improvements being made in administration of the Fund the Board had recognised the work still required to ensure progress continued to be made.

As no further issues were identified the Sub Committee **RESOLVED** that the minutes for the Pension Board held on Tuesday 24 July 2018 be noted.

10. **Any other urgent business**


Although not identified as urgent business Ravinder Jassar took the opportunity to provide a brief update on the outcome of the procurement process for recruitment of an Investment Advisor to the Fund, which Members noted had resulted in the appointment of Hymans Roberston.

In addition, having noted this was Peter Davies final meeting as Independent Financial Adviser to the Sub Committee, Members took the opportunity to formally thank him for his hard work and support provided. Members also passed on their best wishes to Folake Olufeko who they were advised was shortly due to go on maternity leave.

As a final issue, Members were also asked to consider any items they would like included on the future training programme for the Sub Committee with the suggestion made that Members receive an update at a future meeting on plans in place to manage any deficit in relation to the Pension Fund. Conrad Hall (Chief Finance Officer) advised that this had been noted and he would welcome any further suggestions.

The meeting closed at 7:45pm

S CHOUDHARY
Chair

	Pensions Fund Sub-Committee 27 February 2019
	Report from the Chief Finance Officer
Implementation of the Investment Strategy	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	OPEN
No. of Appendices:	
Background Papers:	Report from the Chief Finance Officer to the Pension Fund Sub-Committee dated 6 November 2018 entitled 'Proposed adoption of the new Investment Strategy'
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Conrad Hall, Chief Finance Officer Ravinder Jassar, Head of Finance

1.0 Purpose of the Report

- 1.1 This report updates the committee on progress on the implementation of the investment strategy.

2.0 Recommendation(s)

- 2.1 It is recommended the Sub-Committee notes the progress of implementing the investment strategy approved on the 6 November 2018 meeting, including in particular the appointment by the Council (as Administering Authority on behalf of the Brent Pension Fund) of BlackRock Investment Management (UK) Limited pursuant to an investment management agreement in order to facilitate the Pension Fund's investment into the following BlackRock pooled funds:

- (a) Aquila Life Over 15 Years UK Gilt Index Fund; and
- (b) Aquila Life Over 15 Years UK Gilt Index (Term Lending) Fund.

- 2.2 It is recommended the Sub-Committee agrees the proposed investment in the London CIV's infrastructure offering in April 2019.

3.0 **Background**

- 3.1 The primary role of the Pensions Sub Committee is the strategic management of the assets of the Fund to ensure it is in a position to meet benefit payments as they fall due and to reach a position of full funding. In particular, pursuant to Part 4 ('Terms of Reference for Council Committees and Sub-Committees') of the Brent Constitution, the Pension Fund Sub-Committee is responsible for (among other things):
- (a) determining policy for the investment, funding and administration of the Pension Fund;
 - (b) appointing and monitoring external service providers, including investment managers and advisers;
 - (c) making decisions to secure efficient and effective performance and service delivery;
 - (d) monitoring performance across all aspects of the service; and
 - (e) undertaking statutory functions on behalf of the Pension Fund and ensuring compliance with legislation and best practice.
- 3.2 As at the last valuation in 2016, the funding position of the Fund was low, at 55%, with assets of £676m and liabilities of £1,238m. In order to ensure that the deficit does not increase, the assets of the Fund need to increase faster than the increase in liabilities. The objective to reach a position of full funding therefore has a significant effect on the investment strategy, where a large proportion of the asset allocation is weighted towards relatively higher risk and higher growth assets, in order to generate superior returns and growth in the long term, above other protection and liability matching assets, such as government bonds.
- 3.3 At the previous Committee meeting on 6 November 2018, authority was delegated to the Chief Finance Officer to sell and acquire new holdings in line with the agreed investment strategy. For these purposes, it is noted that, pursuant to section 9.6 of Part 3 ('Responsibility for Functions') of the Brent Constitution, the Chief Finance Officer is responsible for the administration of the Council's financial affairs, including responsibility for advising on the investment strategy for the Council's pension assets, and to manage these accordingly.
- 3.4 The input of the Fund's investment advisors, Hymans Robertson LLP, has been sought on a number of occasions when implementing the investment strategy and regular meetings have taken place. Given the high level of volatility affecting both the UK and global markets during these times, all investments (whether divestments or new investments) were split into two or three tranches in order to reduce the timing risk associated with trading in such times. Also, no trading took place between 15 December 2018 and 15 January 2019 in order to avoid the market volatility associated with the run up to and post-Christmas periods.

4.0 Trading

- 4.1 As agreed at the November 2018 Sub-Committee meeting, a decision was made to sell the Janus Henderson UK Small Caps equity mandate due to it not aligning with the fund's Investment Beliefs. Furthermore, it was decided to allocate these funds to the London CIV Emerging Markets Fund managed by Janus Henderson, in order to meet the Fund's objective of holding a more regionally diversified portfolio of equities.
- 4.2 Trading took place in three tranches between mid-November and mid-December 2018 and resulted in total sales proceeds of £28.86m, net of any fees. By conducting the trades in this way, the Fund avoided significant transition costs that were planned as a result of a change in the manager of the small caps fund.
- 4.3 The investment in the LCIV Emerging Markets fund (£30m) was split into two tranches, with £15m being invested in November 2018 and a further £15m planned in February 2019.
- 4.4 A further £40m was invested into Growth Assets via the existing LCIV DGF manager, Baillie Gifford. This is intended as a temporary investment while the London CIV's investments in Infrastructure and Property become available (with these latter allocations to be built up over time). All trading was completed in December 2018, with the investment being split into two equal tranches. This has increased the total value of the mandate to £114.4m as at 31 December 2018.
- 4.5 The investment strategy recommended a 15% allocation to fixed income (protection assets) with 10% managed passively in government bonds via BlackRock and the remaining 5% allocation managed actively by the London CIV Multi Asset Credit (MAC) fund.
- 4.6 The Fund's exposure to the LCIV MAC fund was opened with an investment of £35m. As the fund only deals on a monthly basis, £18m were transferred in November 2018 and the remaining balance of £17m in January 2019.
- 4.7 The Janus Henderson Total Return Bond Fund is due to be sold in February 2019, with the proceeds being invested in BlackRock longer-dated gilts and for topping up the existing investment of Janus Henderson Emerging Markets fund. The fund had a closing valuation of £91.6m at the end of January 2019, and it is planned to use the proceeds to invest £77m with BlackRock and a further £15m in the LCIV Emerging markets fund (this was to help achieve efficient transition to the Fund's strategy). All the above trades form part of the Investment strategy and will bring the fund closer to meeting its Interim Allocation Target.
- 4.8 The impact of the implementation of the above trades are reflected in the table below showing market values as at the end of December 2018, the fund's interim asset allocation and variance from the target. Further detail is provided in the quarterly monitoring report on the same agenda.

	ASSET CLASS	30/09/2018 Value (£m)	Net Investment Value (£m)	Appreciation (£m)	31/12/2018 Value (£m)	% of Fund	Interim Allocati on Target (%)	Deviation (%)
GROWTH	Equities							
	UK - L&G	117.4		-12.0	105.4	12.6		
	UK Smaller Cos - Henderson	32.8	-28.8	-4.0	0.0	0.0		
	LCIV Henderson - Emerging Markets	0.0	15.0	-0.5	14.5	1.7		
	World Overseas							
	Developed - L&G	315.7		-35.6	280.1	33.4		
	Equities - Total	465.9	-13.8	-52.1	400.0	47.7	45.0	2.7
	Private Equity							
	Capital Dynamics	62.7		-2.2	60.5	7.2		
	Yorkshire	0.0		0.0	0.0	0.0		
INCOME	Private Equity Total	62.7	0.0	-2.2	60.5	7.2	5.0	2.2
	Diversified Growth Fund							
	LCIV Baillie Gifford	78.7	40.0	-4.2	114.4	13.6		
	LCIV Ruffer	49.8		-2.7	47.1	5.6		
	Total Diversified Growth	128.5	40.0	-6.9	161.5	19.3	18.0	1.3
	Infrastructure							
	Alinda	28.1		-0.3	27.8	3.3		
	Capital Dynamics	10.9		0.8	11.7	1.4		
	Infrastructure Total	39.0	0.0	0.5	39.5	4.7	12.0	-7.3
	Property							
PROTECTION	UK - AVIVA	0.0		0.0	0.0	0.0		
	Europe - AVIVA	0.7		-0.5	0.3	0.0		
	Property - Total	0.7	0.0	-0.5	0.3	0.0	5.0	-5.0
	Fixed Income							
	Henderson-Total Return Bond Fund	92.2		-0.6	91.6	10.9		
	LCIV CQS MAC	0.0	18.0	-0.2	17.8	2.1		
	Fixed Income Total	92.2	18.0	-0.8	109.4	13.0	15.0	-2.0
	Cash Deposits							
	Other/Northern Trust - Aviva	106.0	-38.5	0.0	67.5	8.1	0.0	8.1
	Cash Deposits Total	106.0	-38.5	0.0	67.5	8.1	0.0	8.1
	Grand Total	895.0	5.7	-62.0	838.7	100	100	0

- 4.9 Of the £67.5m Cash Deposits balance, £30.7m were unavailable for future investments as the amount has been earmarked to be paid out as part of the College of North West London Transfer, which took place on 14 February 2019.

5.0 Fees

5.1 The following table outlines the fees (transaction, management and dilution), incurred from the trades above.

		Investment/(Sale) £	Transaction Fee £	Total Payment/(Income) £
LCIV Emerging Market Equity Fund - J Henderson	Tranche 1	14,947,683.11	52,316.89	15,000,000.00
	Tranche 2	14,947,683.11	52,316.89	15,000,000.00
	Total			30,000,000.00
LCIV Diversified Growth Fund - Baillie Gifford	Tranche 1	19,956,096.59	43,903.41	20,000,000.00
	Tranche 2	20,000,000.00	0.00	20,000,000.00
	Total			40,000,000.00
LCIV MAC Fund	Tranche 1	18,000,000.00	0.00	18,000,000.00
	Tranche 2	17,000,000.00	0.00	17,000,000.00
	Total			35,000,000.00
Janus Henderson Small Cap Sale	Tranche 1	(15,000,000.00)	0.00	(15,000,000.00)
	Tranche 2	(7,540,500.00)	40,500.00	(7,500,000.00)
	Tranche 3	(6,397,101.69)	34,358.81	(6,362,742.88)
	Total			(28,862,742.88)

5.2 It is worth noting that the with regards to the second tranche of the LCIV Baillie Gifford investment of £20m, an arrangement was made with the LCIV in order to synchronise the transaction with another local authority that was selling at the same time. As a result, no dilution fees were incurred on the transaction, resulting in a saving of approx. £44,000. Under normal circumstances, dilution fees are deducted from the amount transferred by LBB to the investment manager, however, in this particular case, the full £20m was invested in the fund. The transaction was managed by the London CIV and council officers have expressed interest in implementing similar arrangements in the future, should the timing of future transactions be as favourable.

5.3 With regards to the LCIV MAC fund, transaction fees, calculated at 0.1%, are only incurred for any withdrawals within the first 12 months. Therefore, there were no fees incurred when making the investment.

6.0 Due Diligence

6.1 Brent officers have reviewed a number of documents that detail the extensive procurement process and due diligence undertaken by the London CIV in the appointment of CQS (LCIV MAC) and Janus Henderson (LCIV Emerging Markets).

6.2 The next investment that will be available on the LCIV's pipeline, and in line with the Fund's investment strategy, is infrastructure. Brent officers attended the LCIV offices on 14 February to review a series of documents related to the procurement of the manager responsible for managing this investments.

7.0 Infrastructure

- 7.1 Following the Fund's strategic review, it was agreed to increase the Fund's exposure to income assets and, as part of this strategic change, increase the Fund's infrastructure target allocation from 8% to 15%. The strategic rationale for doing this was to increase the Fund's exposure to assets that seek to generate long-term real returns with a notable element of this return from income. It was agreed that this increase in income allocation would be built up over time, thereby helping provide diversification and potential providing flexibility in the Fund's strategy should other complementary income assets become available.
- 7.2 At 31 December, the Fund had £39m invested in infrastructure (4.7% of Fund assets). These investments are held with Alinda II and III infrastructure funds (£27.8m in aggregate) and Capital Dynamics (£11.7m invested in the manager's Clean Energy fund).
- 7.3 The Fund's current approach to accessing infrastructure is to commit a certain amount of money to the investment managers' funds, with the manager then calling these monies over time, as investments become available. The Fund currently has c.\$14m in uncalled capital commitments to its current funds (almost all with Alinda). If this capital was called, it would increase the Fund's infrastructure exposure to c6%, however, this figure ignores any market moves between now and the capital calls and the impact of income being distributed from the existing funds i.e. by the time we expect the capital to be called we expect the actual allocation to be less than 6% of Fund assets.
- 7.4 As part of pooling it is anticipated that, subject to appropriate due diligence, the Fund's future infrastructure investments will be made via the London CIV. Based on discussions with the London CIV, Funds will have the ability to commit additional amounts of money on an annual basis.
- 7.5 Given the above points, most notably on diversification and the ability to review commitments on an annual basis, it is recommended that the Fund commits, subject to due diligence, £50m to LCIV's infrastructure fund at this time. With this commitment level revised on an annual basis. £50m represents c6% of Fund assets. It will be drawn down over time and will represent a significant step in the Fund's strategic journey with an increased allocation to income assets.
- 7.6 As agreed previously, these capital calls will form part of the Fund's strategic change, and therefore are anticipated to be funded from a combination of Fund cashflow and partial divestments from the DGF holdings. It would also be possible to release cash from rebalancing of the Fund's assets relative to target, e.g. as a result of significant market movements.

8.0 Financial Implications

- 8.1 These are set out throughout the report.

9.0 Legal Implications

- 9.1 Pursuant to a shareholders' agreement dated 9 Oct 2015, the Council is a shareholder in the LCIV, a voluntary collaborative venture between the London local authorities incorporated on 17 July 2014 to invest the assets of the London Local Government Pension Scheme. As a member of the LCIV, the Council (as the Administering Authority of the Brent Pension Fund) has discretion to opt in to investment options made available through the LCIV, and thus to invest the Pension Fund assets into LCIV sub-funds and passive funds managed outside the LCIV platform by passive providers but in respect of which reduced management fees exclusive to LCIV members apply. The Council's Pension Fund Sub-Committee, in exercising delegated functions of the Pension Fund within the scope given under Part 4 ('Terms of Reference for Council Committees and Sub-Committees) of the Brent Constitution, is empowered to recommend that the Pension Fund invests into such LCIV sub-funds and passive funds, including those noted in Recommendation 2.1 of this report, and to authorise the appointment of investment managers in respect of the Pension Fund's investments.
- 9.2 Pursuant to Regulation 9(1) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the Council (as the Administering Authority of the Brent Pension Fund) is permitted to appoint one or more investment managers to manage and invest Pension Fund money, or any part of such money, on its behalf, and subject to compliance with the conditions on appointments set out therein.
- 9.3 Pursuant to Regulation 10(1)(e) of The Public Contracts Regulations 2015, contracts entered into by contracting authorities including the Council for *"financial services in connection with the issue, sale, purchase or transfer of securities or other financial instruments..."* are exempt from public contracts tendering requirements and in this respect it is noted that the investment management agreement (and the transactions contemplated by it) referred to in Recommendation 2.1 of this report falls within this category and the exception in Regulation 10(1)(e) therefore applies.

10.0 Equality Implications

- 10.1 Not applicable.

11.0 Consultation with Ward Members and Stakeholders

- 11.1 Not applicable.

12.0 Human Resources

- 12.1 Not applicable.

Report sign off:

Conrad Hall
Chief Finance Officer

London Borough of Brent Pension Fund

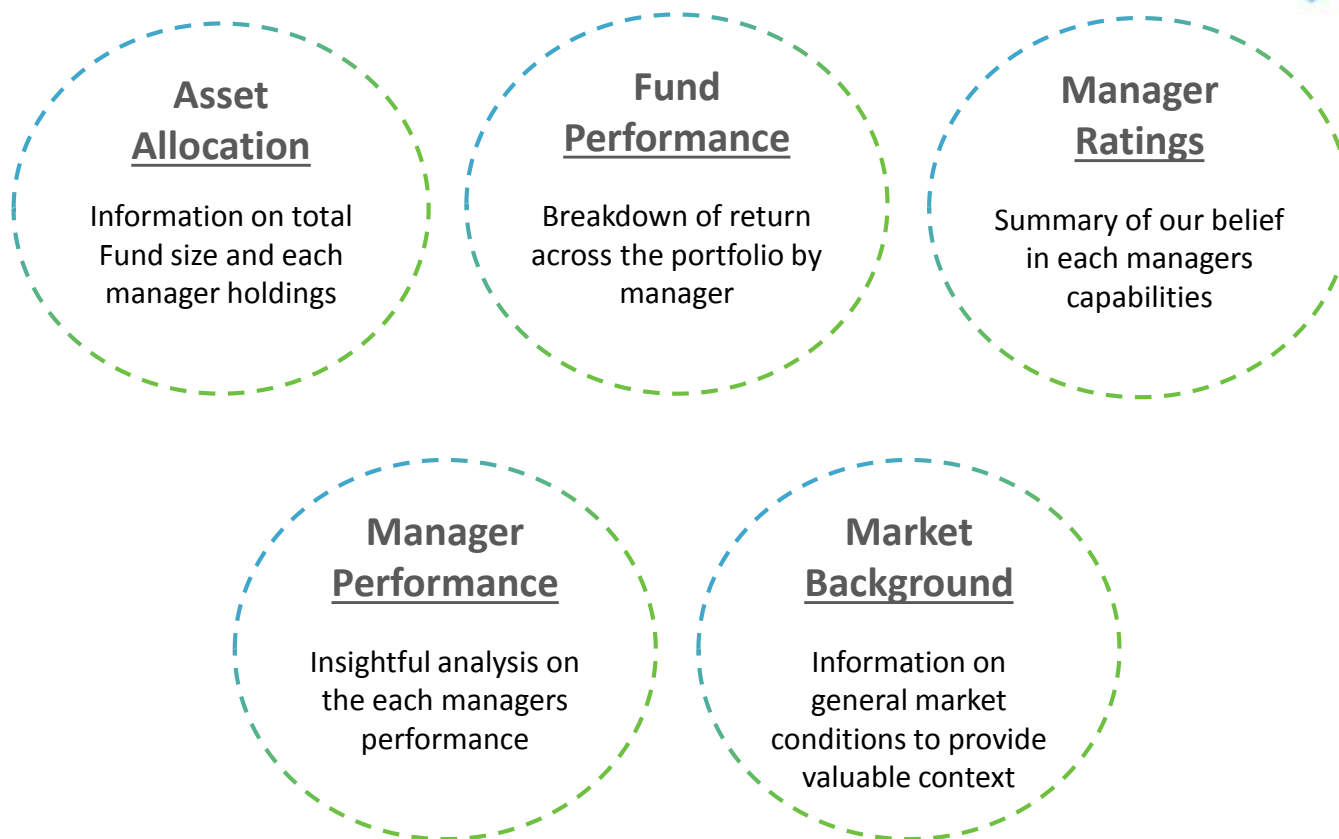
Q4 2018 Investment Monitoring Report

William Marshall, Partner
Caoimhe Bain, Associate Consultant
Kameel Kapitan, Associate Consultant

Investment Monitoring Reports

Investment Monitoring Reports (IMR)

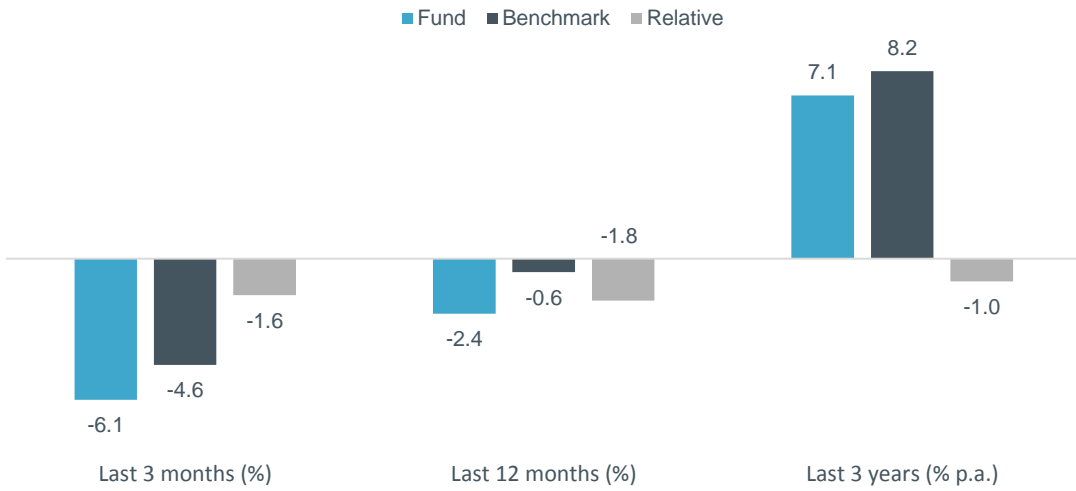
- A valuable resource for Officers and the Committee to help them with their fiduciary duties
- The 5 key sections of the report are:
 - Asset Allocation
 - Fund Performance
 - Manager Ratings
 - Manager Performance
 - Market Background
- Our performance monitoring reports provide an overview of the Fund's investment holdings as well as delivering meaningful analysis to assess whether a manager has delivered on their objectives.
- Commentary is provided to support Officers and Committee members in their understanding of developments in their holdings over the short and long term.
- Another key purpose of an IMR is to give an insight to as to the extent to which the returns achieved are consistent with each manager's philosophy, investment approach and market conditions.
- The performance information is sourced from Northern Trust



Executive Summary

- Total Fund return behind benchmark for quarter 4 2018
 - Over the quarter the Fund contracted from £895m to just under £839m.
 - In general the last quarter of Q4 was a testing time:
 - Equity markets fell c10%
 - Credit-spreads widened
 - Government yields declined
 - Main detractors to relative performance were Henderson Small Cap and the two multi-asset growth funds.
 - Key contributors to restrict relative underperformance the Fund's cash holding and the two Capital Dynamics funds
- Key Actions
- At the November meeting the Committee reaffirmed their commitment to increase allocations to infrastructure and property over the long-term (subject to more information from LCIV funds)
 - Agreed to invest around £40m into the Baillie Gifford multi asset fund over the shorter term whilst await infrastructure opportunities
 - The Committee agreed to run off their private equity holdings with Capital Dynamics

Performance



Source: Northern Trust 31 December 2018 performance report

Manager Rating Changes

There were no changes to any manager ratings over the quarter.

High Level Asset Allocation

"GrIP"	Current (actual)	Interim Target	Long Term Target
Growth (Equity, DGF)	74.2%**	68.0%	60.0%
Income (Property, Infrastructure)	4.7%	17.0%	25.0%
Protection (Bonds)	21.1%*	15.0%	15.0%

*Includes 8.1% currently held in cash. **Whilst on the journey to its interim and long term targets, its has been agreed that the Fund will hold the excess assets in within the growth portfolio, most notably the Baillie Gifford diversified growth allocation, as a proxy for more income oriented funds.

Market Returns

Equity markets fell heavily as US interest rates rose again and investors became more pessimistic about the outlook for global growth. Credit spreads widened in-line with equity market falls while government bond yields declined.

World Markets

Global equity markets took a sharp turn lower at the start of Q4 as US government bond yields climbed 3.2%. Declines resumed in December as tighter monetary policy and concerns over the sustainability of the pace of global growth came to the fore.

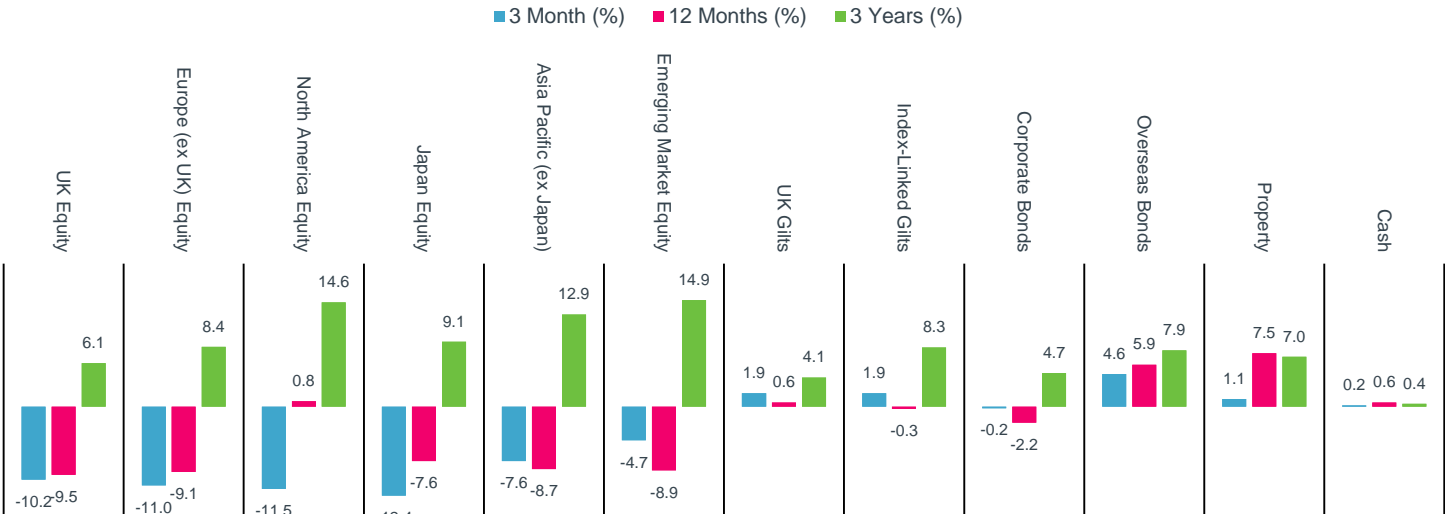
Regional Equities

Japan was the worst performing region as yen strength and slowing growth in Europe and China weighed heavily on exporters. North America also marginally underperformed global indices while Emerging markets were the best performing region. Returns to UK investors were less negative given renewed sterling weakness.

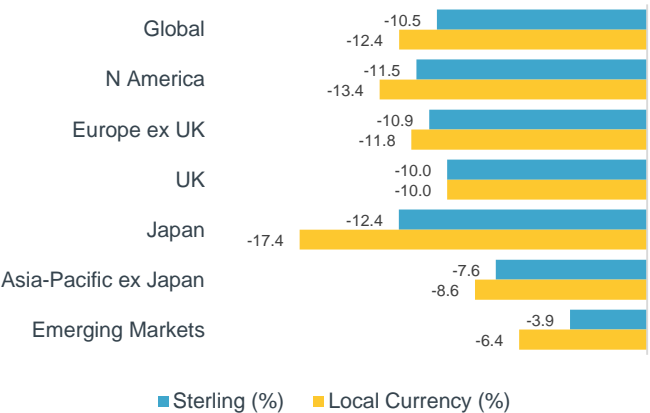
Sector Performance

Performance divergence across global sectors showed defensive stocks, such as utilities, performed strongly as markets fell while more growth orientated and cyclical sectors, such as technology and industrials, underperformed. Oil and gas was the worst performing sector as a result of declining oil prices.

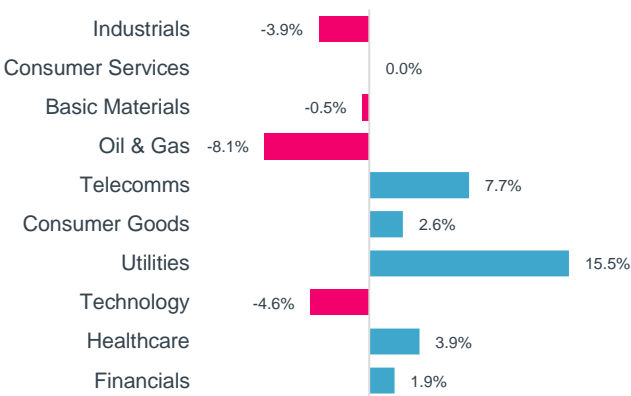
Historic returns for world markets



Regional equity returns



Global sector performance





Asset Allocation

- Over the last quarter of 2018 a number of strategic changes were implemented as the Fund journeys towards the agreed interim target:

- Full divestment from Henderson's UK Small Cap
- Initial allocation to Henderson's EM equity fund
- Initial allocation to the LCIV MAC Fund (CQS)

- Interim Target:
 - Growth: 68%
 - Income: 17%
 - Protection: 15%

- Long-term Target:
 - Growth: 60%
 - Income: 25%
 - Protection: 15%

Key Actions
Over the next quarter the Fund expects to:

- Fully divest from the Henderson Total Return Bond fund
- Complete new investment in BlackRock's over 15yr gilts passive fund
- Complete 2nd tranche allocations to Henderson EM and LCIV MAC funds
- Receive call for funds for Alinda III infrastructure fund

Manager	Valuation (£m)		Actual Proportion
	Q3 2018	Q4 2018	
LGIM Global Equity	315.7	280.1	33.4%
LGIM UK Equity	117.4	105.4	12.6%
Henderson UK Small Cap	32.8	0.0	0.0%
Capital Dynamics Private Equity	62.7	60.5	7.2%
Baillie Gifford Multi Asset	78.7	114.4	13.6%
Ruffer Multi Asset	49.8	47.1	5.6%
Henderson Emerging Markets	0.0	14.5	1.7%
Total Growth	657.1	622.0	74.2%
Alinda Infrastructure	28.1	27.8	3.3%
Capital Dynamics Infrastructure	10.9	11.7	1.4%
Aviva Property	0.7	0.3	0.0%
Total Income	39.7	39.7	4.7%
Henderson Total Return Bonds	92.2	91.6	10.9%
CQS Multi Credit	0.0	17.8	2.1%
Total Protection	92.2	109.4	13.0%
Cash	106.0	67.5	8.1%
Total Scheme	895.0	838.7	100.0%

- The performance figures are based on Northern Trust's December 'Investment Risk & Analytical Service' report. We are in communication with Northern Trust in relation to elements of their reporting, specifically the method of calculating the total Fund benchmark figures shown.
- The Fund benefited from its asset allocation over the quarter given its near 10% cash reserves. On the other hand, stock selection detracted from performance, particularly within its multi-asset holdings.
- Total Fund return was behind benchmark/target for the last quarter of 2018 by 1.5% as investments combined to deliver an absolute return of -6.1%.
- Emerging market equities (Henderson) proved more resilient over the quarter than their more developed counterparts
- Despite underperformance over the quarter from the Fund's multi asset funds, they delivered on their objective of providing protection to the Fund versus equity markets
- Henderson UK Small Cap underperformed although this is now no longer a holding within the Fund.

Fund performance

	Last 3 months (%)			Last 12 months (%)			Last 3 years (% p.a.)		
	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative
Growth									
LGIM Global Equity	-11.3	-11.3	0.0	-2.4	-2.5	0.1	12.8	12.8	0.0
LGIM UK Equity	-10.2	-10.3	0.1	-9.4	-9.5	0.1	6.3	6.1	0.2
Henderson UK Small Cap	-17.4	-12.4	-5.8	-19.9	-14.1	-6.8	-0.2	3.8	-3.9
Capital Dynamics Private Equity	5.9	1.9	3.9	21.5	8.0	12.5	17.8	8.0	9.1
Baillie Gifford Multi Asset	-4.4	1.0	-5.4	-4.9	4.1	-8.6	3.0	3.9	-0.9
Ruffer Multi Asset	-5.4	1.0	-6.4	-6.0	4.1	-9.8			
Henderson Emerging Markets	-2.8	-2.5	-0.4	-2.8	-2.5	-0.4	-1.0	-0.8	-0.1
Income									
Alinda Infrastructure							-1.3	8.0	-8.6
Capital Dynamics Infrastructure							7.0	8.0	-0.9
Protection									
Henderson Total Return Bonds	-0.6	1.0	-1.6	-2.6	4.0	-6.4	2.0	4.0	-1.9
CQS Multi Credit	-1.2	0.3	-1.5	-1.2	0.3	-1.5	-0.4	0.1	-0.5
Total	-6.1	-4.6	-1.6	-2.4	-0.6	-1.8	7.1	8.2	-1.0

Source: Northern Trust 31 December 2018 performance report

- There were no manager rating updates over the quarter

Manager ratings

Manager	Mandate	Hymans Rating
LGIM	Global Equity	Preferred
LGIM	UK Equity	Preferred
Capital Dynamics	Private Equity	Suitable
Baillie Gifford	Multi Asset (LCIV)	Preferred
Ruffer	Multi Asset (LCIV)	Preferred
Janus Henderson	Emerging Markets (LCIV)	Positive
CQS	Multi Credit (LCIV)	Not Rated
Alinda	Infrastructure	Not Rated
Capital Dynamics	Infrastructure	Not Rated
Aviva	Property	Suitable
Janus Henderson	Total Return Bonds	Positive

Hymans Rating System		Responsible Rating System	
Preferred	One of our highest rated strategies within this asset class.	Strong	Strong evidence of good RI practices across all criteria and practices are consistently applied.
Positive	We have a positive opinion on the strategy and believe it has a high possibility of reaching its objectives. But we believe there are superior strategies available.	Good	Reasonable evidence of good RI practices across all criteria and practices are consistently applied.
Suitable	We believe the strategy is suitable for pension scheme investors from a regulatory perspective, but we have no strong view on its forward-looking prospects.	Adequate	Some evidence of good RI practices but practices may not be evident across all criteria or applied inconsistently.
Negative	We have a negative outlook for the strategy relative to peers.	Weak	Little to no evidence of good RI practices.
Not Rated	Insufficient knowledge or due diligence to be able to form an opinion.	Not Rated	Insufficient knowledge to be able to form an opinion on.

LGIM business update

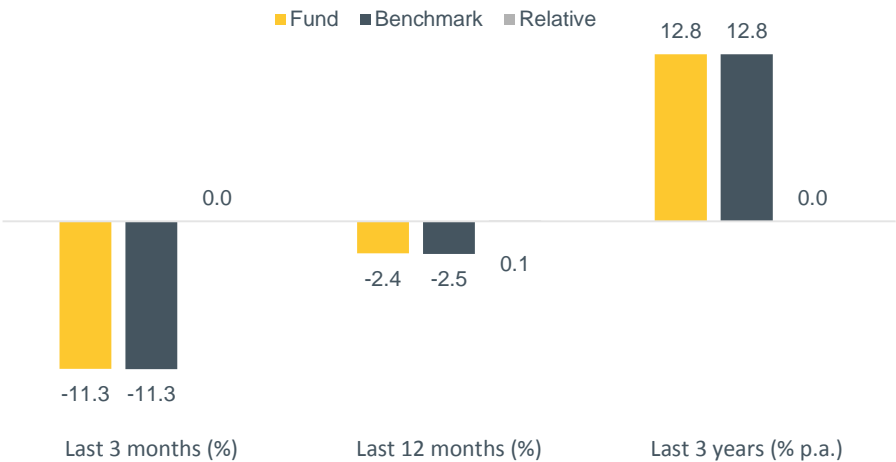
We held another meeting with LGIM during the quarter to get an update following the whistleblower allegations made against the firm. This meeting supported our initial view that there was insufficient evidence to place any of our research ratings 'on watch', although this remains an option should our view change or further allegations come to light. In our opinion LGIM has provided us sufficient comfort that its management has taken the allegations seriously and is working hard to ensure a culture of adherence to internal procedures to ensure that it manages client money within an acceptable risk framework. We anticipate the internal actions and interaction with the FCA will continue for up to six months, and will continue to monitor LGIM's progress through this period.

We continue to rate Legal and General Investment Management's market cap and fundamental index-tracking equity capability at 'Preferred'.

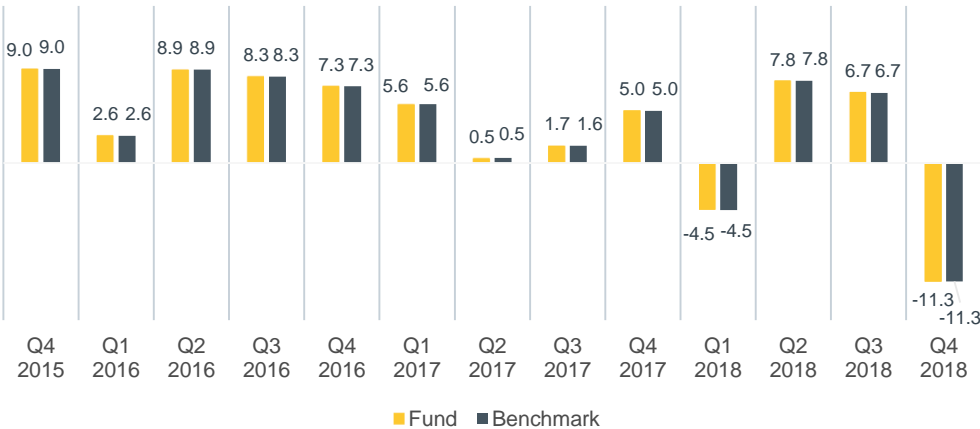
LGIM Global Equity

- Global equity markets suffered in the last quarter of 2018
- LGIM's Global Equity mandate matched its benchmark over the quarter, delivering a negative absolute return of 11.3%.
- After positive performance over quarter 2 and 3 2018, quarter 4 witnessed increased uncertainty and negative market sentiment.
- Emerging market equities showed more resilience over the quarter but overall performance was heavily dominated by the US market given its weighting in the portfolio (c64%).
- One of the key detractors of performance was US IT stocks. Microsoft Corporation and Apple Inc are the two top holdings in the portfolio.
- We continue to rate LGIM as "preferred". Please refer to 'Manager Ratings' section for a further LGIM update.

Fund performance vs benchmark/target



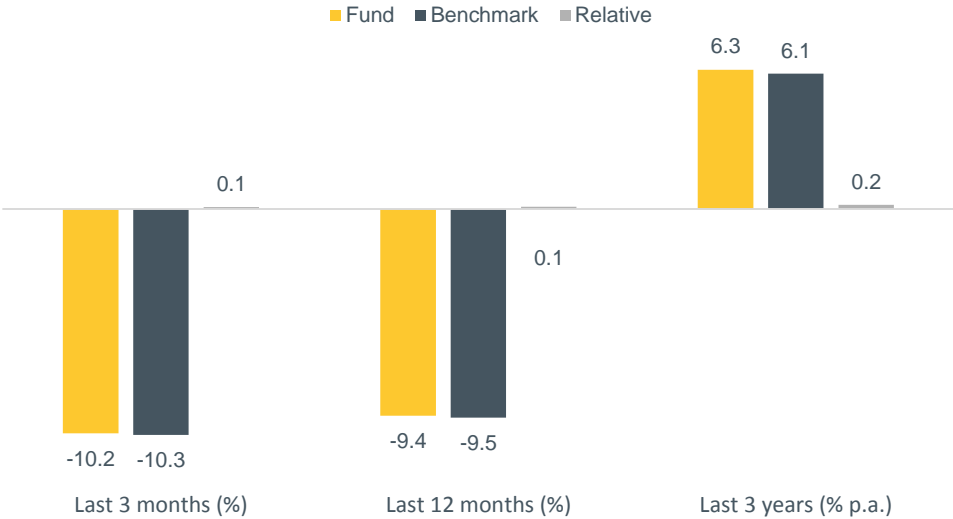
Historical Performance/Benchmark



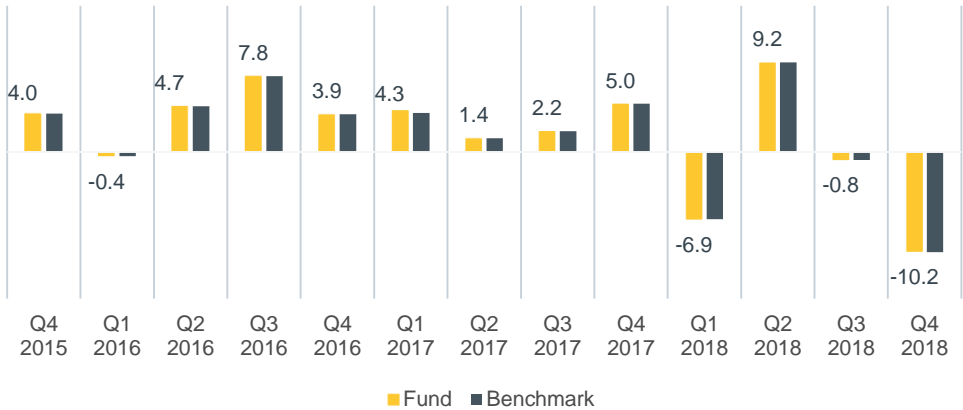
LGIM UK Equity

- The UK equity market was not immune to the overall slowdown in quarter 4
- UK Equity mandate delivered a negative absolute return of -10.2%
- The economic outlook within UK has been dominated in recent times by Brexit. Further recent political uncertainty and the increasing prospect of a 'no deal' scenario dampened investor sentiment and dragged UK stocks lower in Q4 2018.
- Since 31 December 2018 we have seen a slight rebound in markets
- We continue to rate LGIM as "preferred". Please refer to 'Manager Ratings' section for a further LGIM update.

Fund performance vs benchmark/target



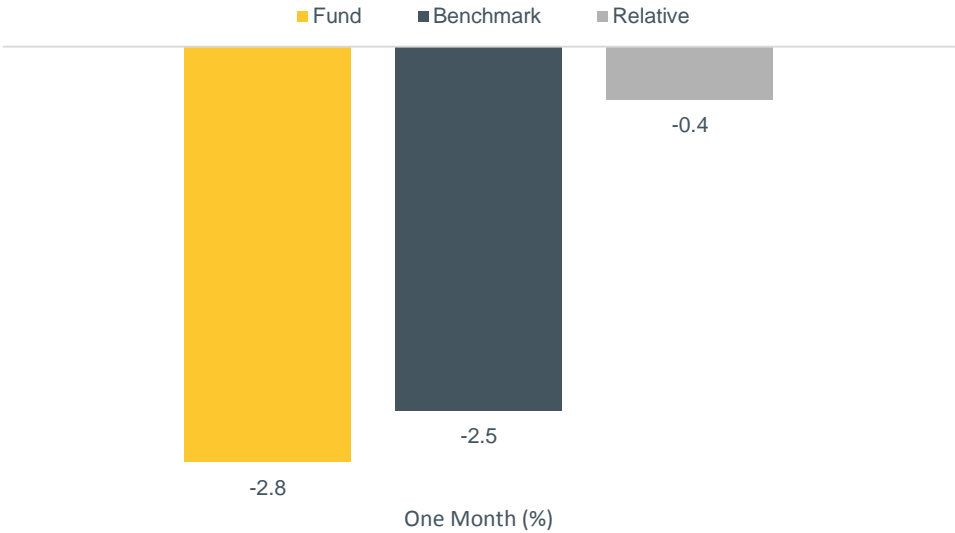
Historical Performance/Benchmark



Henderson Emerging Markets

- The London Borough of Brent recently allocated funds to Janus Henderson's Emerging Market Fund as part of wider strategic changes.
- The trade was implemented during November 2018.
- The funds objective is to outperform the MSCI emerging market index by 2.5% p.a.
- Over the period to 31 December 2018 the fund underperformed this target by 0.3% delivering an absolute performance of negative -2.8%.
- Annualised performance over the three years horizons is 11.7%
- Performance widely varied across the regions invested in with the Brazilian market being one of the biggest positive contributors due to the positive outcome surrounding the recent election.
- We currently rate Janus Henderson's capability as 'positive' which has remained unchanged over the quarter.

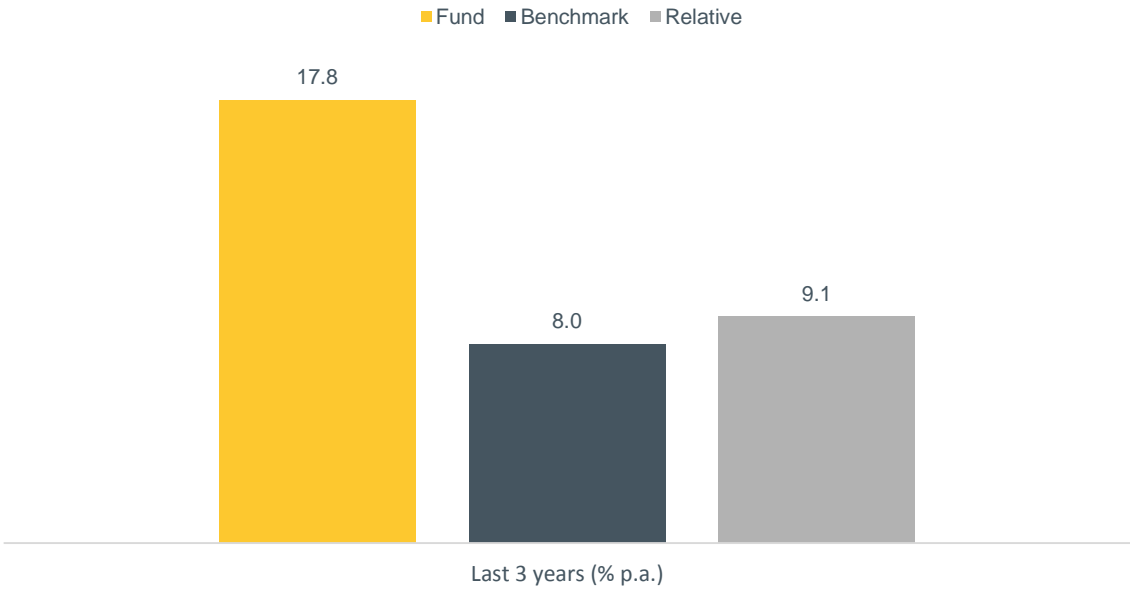
Fund performance vs benchmark/target



Capital Dynamics Private Equity

- Capital Dynamics invests Brent commitment across a number of different funds providing a well diversified portfolio by geography and style.
- Target: Deliver absolute return of 8.0% p.a.
- Assessing short and medium term performance of private markets can be a challenge. The comments below are based on numbers available to us.
- Over a 3 year timeframe annualised return has been 17.8% versus its 8% p.a. target.

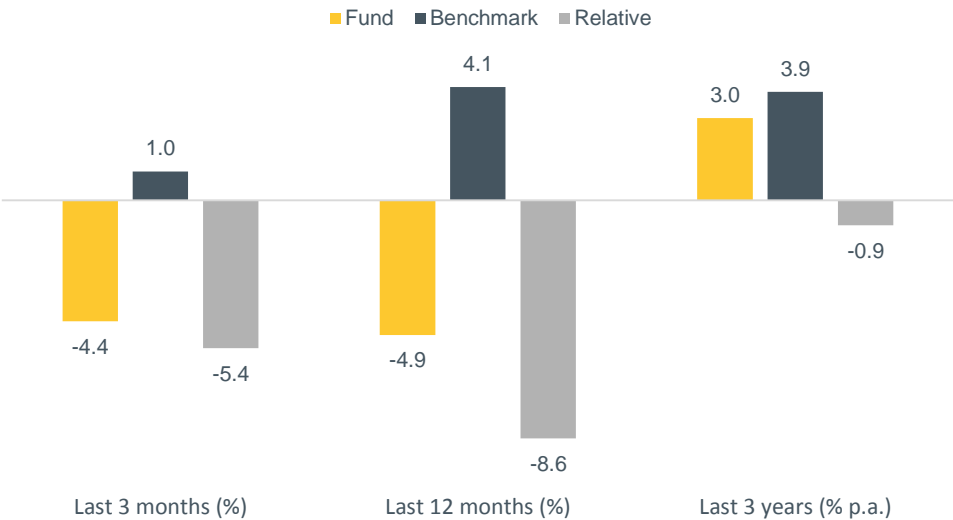
Fund performance vs benchmark/target



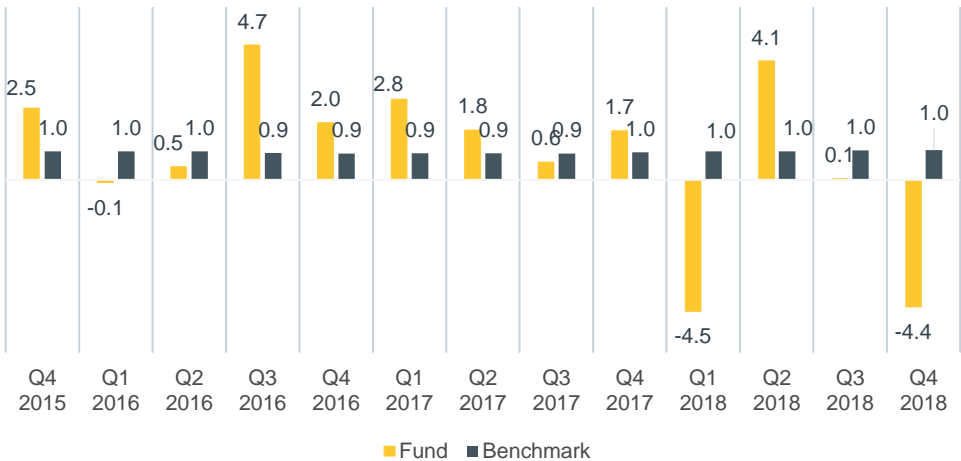
Baillie Gifford Multi-Asset

- Target: Base Rate + 3.5% p.a.
- Baillie Gifford's multi-asset growth fund returned -4.4% (gross of fees) over the fourth quarter of 2018.
- Over the longer term annualised performance is closer in line with target (3.5% vs 3.9%).
- In nature, multi-asset mandates are more defensively positioned growth allocations (due to its cash and fixed income allocations). This positions it to perform well versus equity markets in times of volatility
- In holding this allocation, the Fund partially protected itself from the Q4 equity market falls.
- Baillie Gifford remain confident in the defensive positioning with changes over the quarter including modest reductions to listed equities and increased commitment to assets geared to protect against volatility (e.g. emerging market bonds and commodities like Nickel).
- We remain confident in Baillie Gifford's capability to deliver performance within the Fund going forward which is reflected by our unchanged rating of "preferred".

Fund performance vs benchmark/target



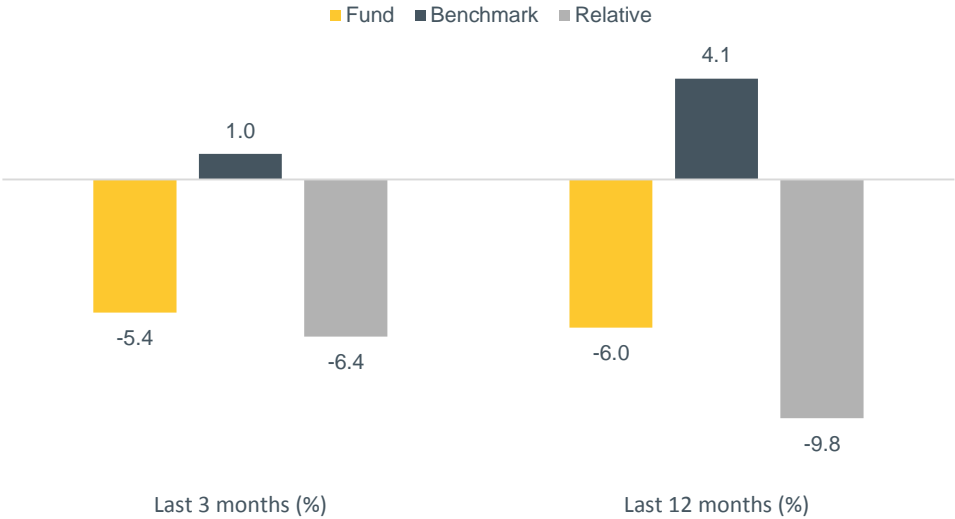
Historical Performance/Benchmark



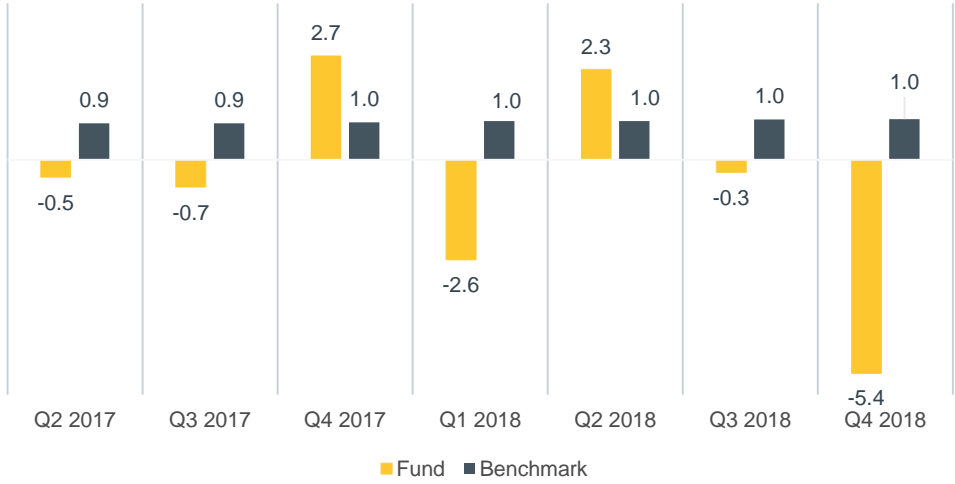
Ruffer Multi-Asset

- Target: Base Rate + 3.5% p.a
- The fund returned -5.4% over the fourth quarter of 2018, underperforming the BOE Base Rate +3.5% p.a. (positive 0.9% per quarter).
- In holding this allocation, the Fund partially protected itself from the Q4 equity market falls through its diversification across asset classes.
- Similar to the Baillie Gifford DGF, Ruffer believe in the premise of late cycle market behaviour and have positioned the fund accordingly.
- However, there was limited protection within the Fund with protective strategies (holding in commodities, UK index-linked bonds and option protection) only marginally countering the loss within equities.
- As a results, Ruffer has amended allocations to better withstand unexpected volatility in the future.

Fund performance vs benchmark/target



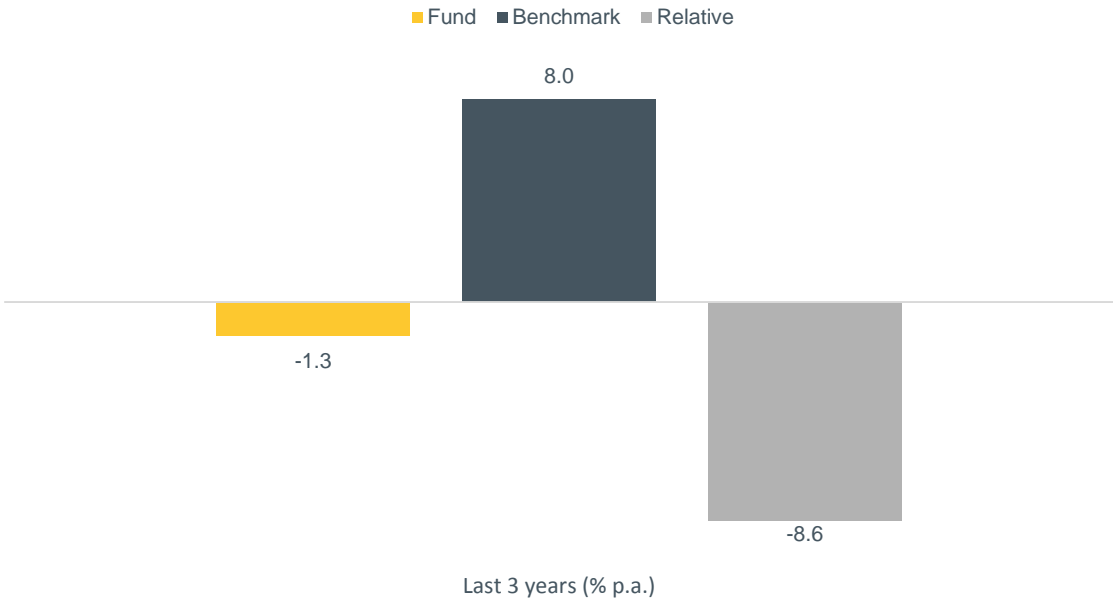
Historical Performance/Benchmark



Alinda Infrastructure

- The Fund is invested in two of Alinda's infrastructure funds, Alinda II and Alinda III fund. Target: Absolute return of 8.0% p.a.
- Alinda focuses on the mid-market unregulated sector seeking assets with strong historical cashflow, long contracts and downside protection.
- Remaining commitments as at 30 September 2018 (latest available date):
II: \$3,62,532 (c84%% invested)
III: \$11,038,959 (c61% invested)
- At present the Alinda III fund is just over 62% invested across 6 businesses. We understand Alinda will look to execute on further deals within the next quarter to increase investment to 75%.
- Assessing short and medium term performance of private markets can be a challenge. The comments below are based on numbers available to us.
- The fund returned 2.6% over the last quarter of 2018, comfortably exceeding target.

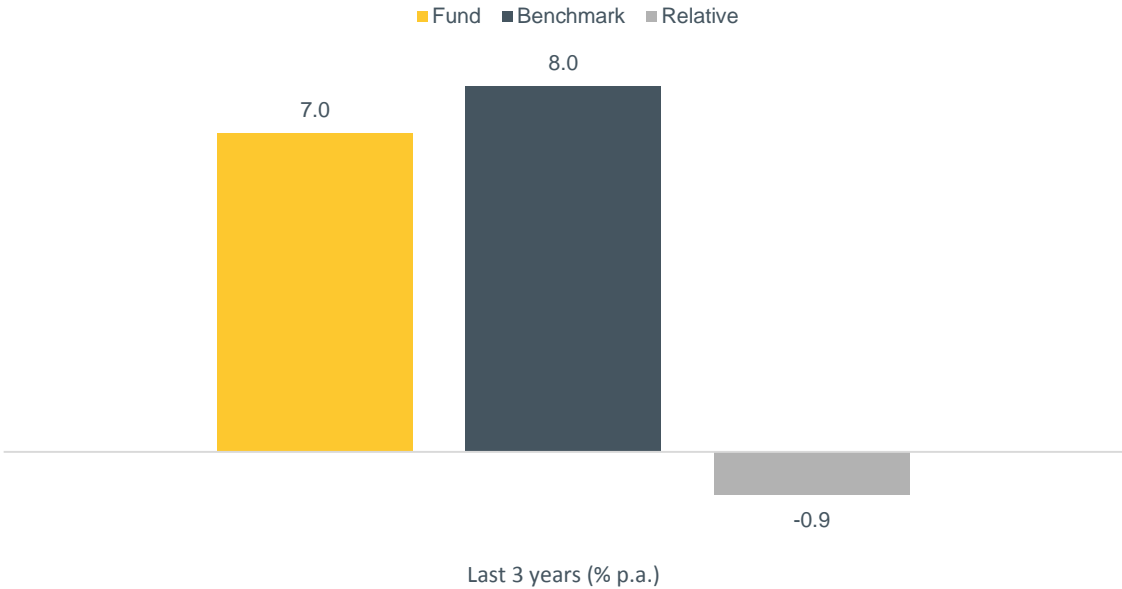
Fund performance vs benchmark/target



Capital Dynamics Infrastructure

- The Fund's holdings are currently solely held within Capital Dynamics Clean Energy and Infrastructure Fund. Target: Absolute return of 8.0% p.a.
- No investments were made over the quarter meaning the fund remains around 83% invested
- Note, infrastructure is a long term investment and short term volatility is to be expected as funds are gradually drawn down. Over the longer term however, we should expect more stable, predictable returns.
- The Capital Dynamics infrastructure fund returned 7.0% over the fourth quarter of 2018, significantly exceeding target by around 5.0%.

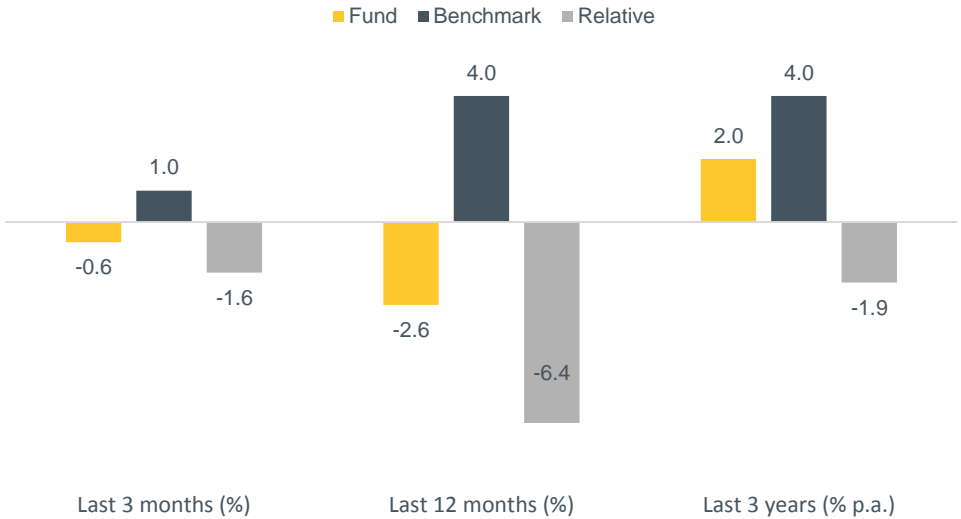
Fund performance vs benchmark/target



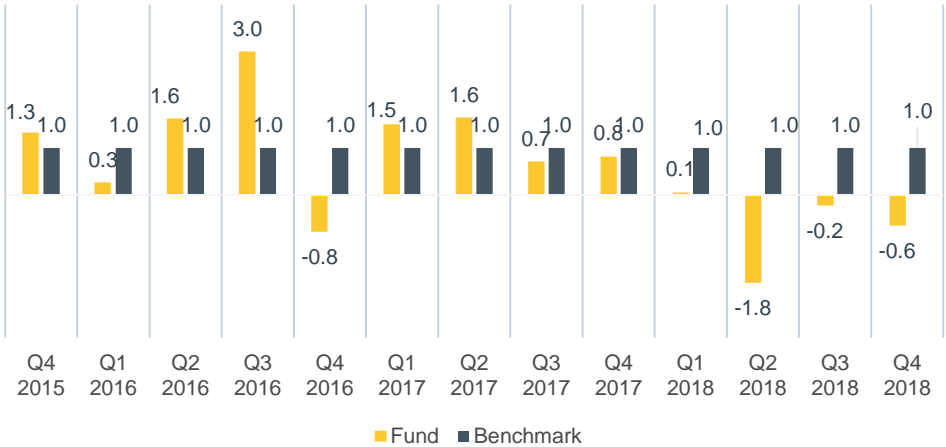
Henderson Total Return Bonds

- Janus Henderson's Total Return Bond (TRB) fund underperformed against the benchmark over quarter 4 2018.
- The fund delivered absolute performance of -0.6%, 1.6% below benchmark. This continued the trend of lagged performance versus the benchmark over the longer term with 3 year performance of 2.2% p.a. falling around 1.7% p.a. short of benchmark
- As part of the Fund's strategic changes, the TRB is targeted for divestment in quarter 1 2019

Fund performance vs benchmark/target



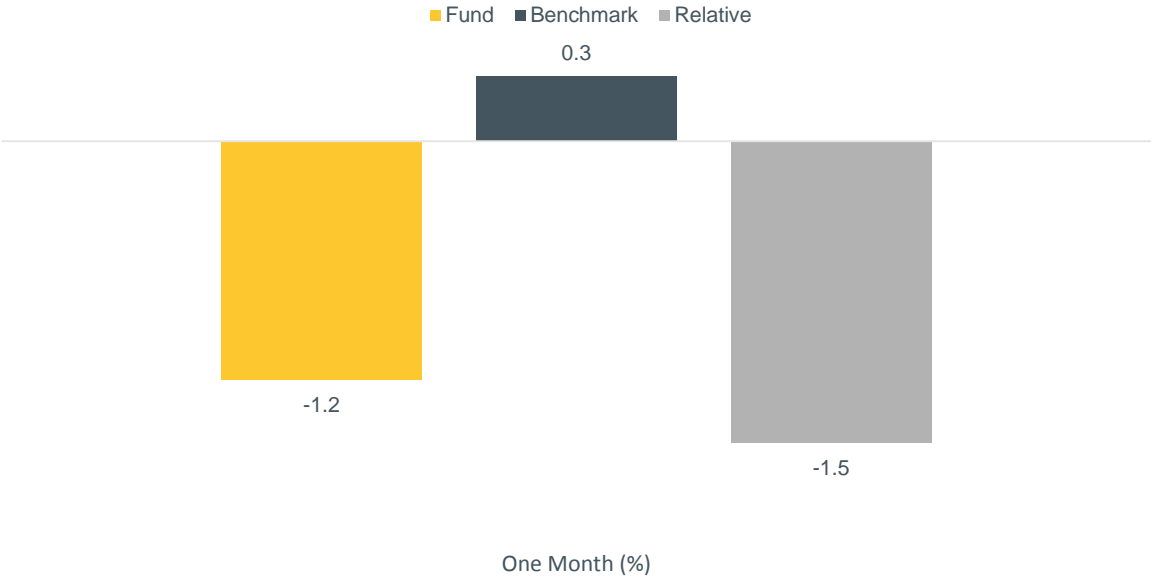
Historical Performance/Benchmark



CQS Multi Credit

- CQS forms part of the London CIV's multi asset credit offering
- CQS represents a new allocation for the Fund and forms part of wider strategic changes.
- CQS's objective is to return LIBOR + 4.5% p.a. over a rolling 4 year period
- Over the period the fund underperformed delivering a absolute return of negative 1.2% against a target of 0.3%

Fund performance vs benchmark/target



Appendix

Market Returns

GDP data confirmed US growth remained strong in Q3, though a little lower than Q2. Though still unspectacular, UK growth reached its fastest quarterly pace in almost 2 years while Eurozone growth slowed to 1.6% year-on-year. Japanese growth saw its sharpest quarterly contraction in several years and Chinese growth fell to 6.5% in Q3, its slowest quarterly pace in almost a decade.

Inflation Rates

Headline inflation fell in most regions but remains above core measures in the UK, Eurozone and Japan. Core and headline inflation are now broadly in line in the US.

Gilt yield

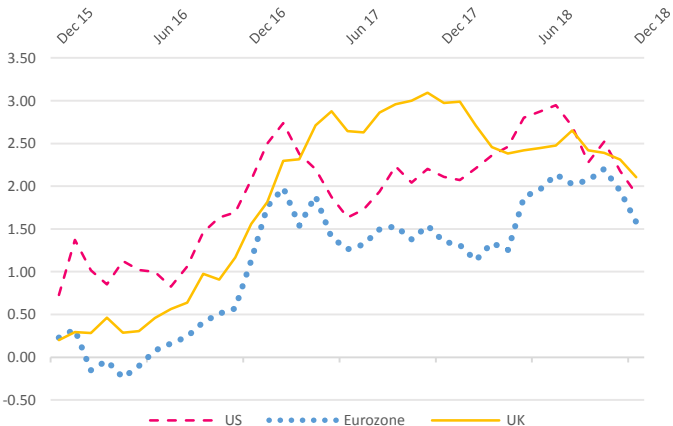
In-line with moves in global yields, both conventional and index-linked gilt yields fell over the quarter (chart 1), with index-linked yields falling more than equivalent conventional yields at medium maturities and by less at longer maturities.

Currency

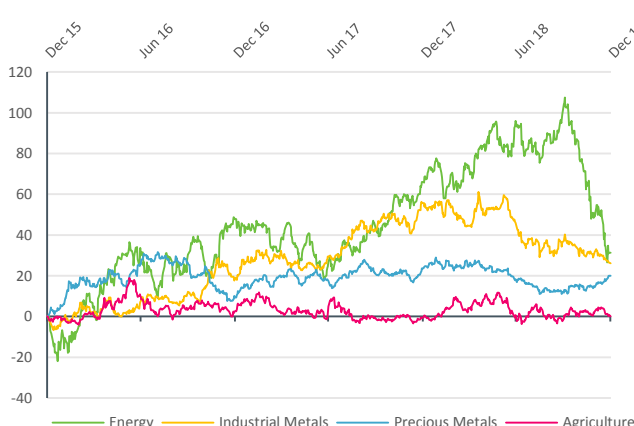
As uncertainty surrounding a Brexit deal continued, sterling drifted lower over the quarter but has remained fairly steady in trade weighted terms. The main feature of currency markets over the quarter has been a strengthening yen.

Further Market Background

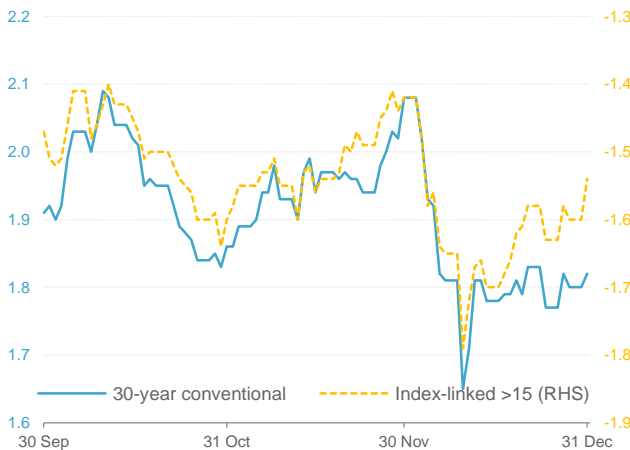
Annual CPI Inflation (% p.a.)



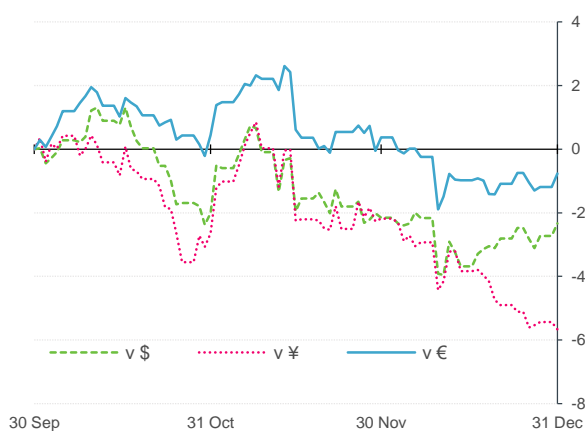
Commodity Prices



Gilt yields chart



Sterling trend chart (% change)



There is never a dull moment in the LGPS. Recent months has seen a number of significant developments including:

- Updates on the E&W Benefit Structure changes
- The issuance of pooling guidance
- A Supreme Court ruling
- Updated factors
- The long awaited Fair Deal consultation

LGPS Current Issues

E&W Benefit Structure: McClouds on the horizon

Following the Government's [statement](#) on Thursday 30 January, in the aftermath of the recent [McCloud judgement](#), there is now great uncertainty on the horizon about if, when and how benefits and member contributions will be changed in the LGPS. Changes which were to have taken effect from 1 April this year in England and Wales have now been put on hold, which in turn impacts the 2019 valuations; we are working with the LGA, SAB and other actuarial firms to manage this whole situation, and do get in touch regarding your own fund.

Guidance missiles

The MHCLG has published its draft statutory guidance on asset pooling. The consultation is open for twelve weeks (closing on 28 March). It is an informal consultation, addressed to '*interested parties only*'. Noteworthy features include the guidance having statutory force and the need for the pool company to be regulated by the FCA. There are also a number of points relating to the relative roles of funds and pools. We anticipate this consultation, including how funds will be responding to it, forming an important part of funds' first quarter meeting agendas.

Supreme challenge

The Supreme Court has ruled that the Palestine Solidarity Campaign has the right to challenge the Court of Appeal's May 2018 ruling. The ruling upheld the Government's right to restrict LGPS funds from divesting contrary to UK foreign and defence policy. This is the latest twist in this 'battle', which is due to wording included in the September 2016 [Guidance on preparing and maintaining an investment strategy statement](#) (with the wording in question subsequently amended in July 2017 due to the ongoing legal challenge). We will keep you updated on this, as the outcome has some potentially interesting implications.

A Fair Deal for the LGPS

The Government recently published its much anticipated further [consultation](#) on the assimilation of its new Fair Deal policy into the LGPS. Significant changes are proposed that will impact LGPS outsourcings. The consultation also incorporates changes aimed at simplifying the transfer of assets and liabilities where scheme employers are involved in mergers or takeovers. The deadline for responses is 4 April 2019. We are currently preparing our own response and will share it with you this month.

Happy New Factors

MHCLG heralded the New Year by issuing updated actuarial factors to funds in England and Wales (along with transitional guidance) in response to the reduction in the Government's SCAPE discount rate. GAD clearly had a busy Christmas, updating a [suite of factors](#) covering early retirement, non-Club transfers in, pension debits and credits and trivial commutation. Revised Club (CETV) factors are not yet available. Please contact your LGPS actuary or consultant should you wish to discuss the use of these new factors.

Capital Dynamics (CD)



Private Equity Funds

- CD Generation VII – Asian Private Equity
- CD European Buyout 2005
- CD European Co-Investment Fund L.P.
- CD Generation VII – European Mid-Market Buyout
- CD European Private Equity 2003
- CD US Private Equity 2003
- CD US Private Equity 2006
- CD Generation VII – US Private Equity
- CD Global Secondaries III
- CD S.C.A. – European Mid-Market Buyout
- CD S.C.A. – US Mid-Market Buyout
- CD S.C.A. –Mid-Market Direct III

Infrastructure Funds


- CD S.C.A. – Clean Energy and Infrastructure
- CD US Solar Energy A (previously held - no residual value)

• As at 31 December 2018, the Fund had 8.6% of their overall holdings invested with Capital Dynamics, spread across Private Equity and Infrastructure 7.2% and 1.4% respectively.

• The Fund's allocation is spread across a range of underlying strategies. In total, the Fund is invested in 12 funds across Capital Dynamics Private Equity platform whilst Infrastructure is now held within a single strategy.

• These funds are set out here.

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	Pensions Fund Sub-Committee 27 February 2019
	Report from the Chief Finance Officer
London CIV Update	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	1
Background Papers:	<ul style="list-style-type: none"> N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Conrad Hall, Chief Finance Officer Ravinder Jassar, Head of Finance

1.0 Purpose of the Report

- 1.1 The purpose of this report is to update the committee on recent developments within the London CIV and the timescales attached to making investment decisions.

2.0 Recommendation(s)

- 2.1 The Committee is asked to note the recent developments with the London CIV.

3.0 Detail

- 3.1 The board of the London CIV have recently approved the appointment of Mike O'Donnell as permanent CEO and is expected to start on 4th March 2019. The LCIV will now commence the recruitment of a Chief Investment Officer.
- 3.2 As at 31 December 2018, the value of London's assets invested directly through CIV stood at £7.5 billion. The fourth quarter saw strong inflows totalling over £0.5 billion but LCIV AUM remained broadly static as a result of markets' disappointing performance during the period.

- 3.3 Brent has 69% (£579m) of its assets under management overseen by the LCIV. 46% (£385.5m) is a passive investment product in overseas and UK equities through Legal & General, 19.2% in two diversified growth funds, Ruffer 5.6% (£47.1m) and Baillie Gifford 13.6% (£114.4m), 1.7% (£14.5m) in Emerging Market equities through Janus Henderson and 2.1% (£17.8m) in the MAC fund managed by CQS.
- 3.4 The LCIV continues with its programme of opening sub funds and recruiting fund managers to operate these sub funds. In setting up the sub funds, LCIV will prioritise commonality of mandates among its members; quantum of assets under management; and conviction of funds in the manager. A summary of all sub funds currently available is shown in Appendix 1.
- 3.5 In Q4 2018, the London CIV introduced the Global Bond Fund managed by PIMCO as the second offering in the fixed income range. This followed the MAC fund as the other fund in the fixed income range which was launched in May 2018.
- 3.6 The LCIV is continuing to work on new fund launches. FCA submissions for the LCIV Infrastructure Fund and the LCIV Private Debt (managed by Ares) are currently being finalised. These funds are expected to launch in April 2019 or as soon as commitments have been received.
- 3.7 Following these fund launches, the CIV are launching a Global Equity Core equity fund and an Inflation Plus fund in the fixed income category. These are expected to launch in Q2 2019.
- 3.8 The LCIV has also recently released the pre-manger selection engagement pack for its property fund which is due to launch later this year. The CIV will be providing a further update on fund launches at the meeting.
- 3.9 The General meeting on 31 January 2019 considered the MTFS covering the period 2019/20 to 2023/24. LCIV is required to complete an Annual Budget and rolling 5 year MTFS for each Financial Year in accordance with the Shareholder Agreement.

4.0 Financial Implications

- 4.1 These are discussed throughout the report.

5.0 Legal Implications

- 5.1 Not applicable.

6.0 Equality Implications

- 6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

Report sign off:

Conrad Hall

Chief Finance Officer

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LCIV Fund Range


Please see below a summary of the LCIV funds, including both those in which you are invested, and those you are not. All performance is reported Net of fees and charges with distributions reinvested. For performance periods of more than a year performance is annualised.

	Size	Capacity*	Current Quarter (%)	1 Year (%)	Since Inception p.a. (%)	Inception Date	No. of Investors
UK Equity							
LCIV UK Equity Fund	£467m	£1,000m	(10.69)	(9.74)	(4.87)	18/05/2017	3
Benchmark: FTSE All Share Index			(10.25)	(9.47)	(2.61)		
Performance Against Benchmark			(0.44)	(0.27)	(2.26)		
Global Equity							
LCIV Global Equity Alpha Fund	£106m	Unlimited	(11.54)	(3.13)	12.08	02/12/2015	1
Benchmark: MSCI World Index Total Return (Net) in GBP			(11.35)	(3.04)	11.11		
Performance Against Benchmark			(0.19)	(0.09)	0.97		
LCIV Global Alpha Growth Fund	£2,092m	See note below	(12.46)	(4.15)	15.39	11/04/2016	12
Benchmark: MSCI All Country World Gross Index			(10.63)	(3.37)	12.66		
Performance Against Benchmark			(1.83)	(0.78)	2.73		
LCIV Global Equity Fund	£557m	Unlimited	(9.58)	0.35	3.59	22/05/2017	3
Benchmark: MSCI All Country World Index Total Return (Gross)			(10.57)	(3.27)	2.88		
Performance Against Benchmark			0.99	3.62	0.71		
LCIV Global Equity Focus Fund	£700m	£1,500m	(7.96)	4.29	5.50	17/07/2017	5
Benchmark: MSCI World Index Total Return (Net) in GBP			(11.35)	(3.04)	1.28		
Performance Against Benchmark			3.39	7.33	4.22		
LCIV Equity Income Fund	£222m	£750m	(5.60)	(2.96)	(3.36)	08/11/2017	2
Benchmark: MSCI World Index Total Return (Net) in GBP			(11.35)	(3.04)	(3.02)		
Performance Against Benchmark			5.75	0.08	(0.34)		
LCIV Emerging Market Equity Fund	£276m	£1,000m	(3.38)	n/a	(12.56)	11/01/2018	6
Benchmark: MSCI Emerging Market Index (TR) Net			(5.26)	n/a	(12.17)		
Performance Against Benchmark			1.88	n/a	(0.39)		
LCIV Sustainable Equity Fund	£249m	£1,000m	(12.01)	n/a	(0.58)	18/04/2018	2
Benchmark: MSCI World Index Total Return (Net) in GBP			(11.35)	n/a	0.48		
Performance Against Benchmark			(0.66)	n/a	(1.06)		

LCIV Fund Range (continued)

	Size	Capacity*	Current Quarter (%)	1 Year (%)	Since Inception p.a. (%)	Inception Date	No. of Investors
Multi Asset							
LCIV Global Total Return Fund	£308m	Unlimited	(2.02)	(1.41)	2.81	17/06/2016	5
LCIV Diversified Growth Fund	£627m	See note below	(4.59)	(5.07)	4.49	15/02/2016	8
LCIV Absolute Return Fund	£854m	£1,500m	(5.40)	(6.05)	2.43	21/06/2016	10
LCIV Real Return Fund	£182m	Unlimited	(1.65)	0.10	1.97	16/12/2016	2
Fixed Income							
LCIV MAC Fund	£639m	Unlimited	(1.95)	n/a	(0.63)	31/05/2018	9
LCIV Global Bond Fund	£167m	Unlimited	n/a	n/a	0.38	30/11/2018	2
Benchmark: Barclays Aggregate – Credit Index Hedged (GBP) Index			n/a	n/a	1.00		
Performance Against Benchmark			n/a	n/a	(0.62)		
Total LCIV Assets Under Management	£7,447m						

*Total fund capacity as at 31 December 2018. Capacities may change, for details on remaining current capacity available for further investment please contact the Client Service Team at clientservice@londonciv.org.uk.

	Pensions Fund Sub-Committee 27 February 2019
	Report from the Chief Finance Officer
MHCLG Statutory guidance on asset pooling in the Local Government Pension Scheme Consultation	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	1
Background Papers:	<ul style="list-style-type: none"> N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Conrad Hall, Chief Finance Officer Ravinder Jassar, Head of Finance

1.0 Purpose of the Report

- 1.1 The Ministry of Housing, Communities and Local Government (MHCLG) have launched an informal consultation on draft new statutory guidance on asset pooling. This guidance sets out the requirements on administering authorities in relation to the pooling of LGPS assets and builds on previous Ministerial communications and guidance on investment strategies.
- 1.2 They are now inviting views on the draft new statutory guidance. The closing date for responses is 28 March 2019.

2.0 Recommendation(s)

- 2.1 To note the fundamental change resulting from the draft new guidance is that the Brent Pension Fund will no longer be responsible for the selection and dismissal of managers. Instead this responsibility will now be carried out by the pool. The committee is asked to define their response to this development.
- 2.2 To note the report and the draft statutory guidance and that the Chief Finance Officer will prepare a formal response to the consultation on behalf of the Brent Pension Fund before the consultation closes, in consultation with the Chair of the Pension Fund Sub-Committee.

3.0 Detail

- 3.1 On 3 January 2019 the MCHLG issued new draft statutory guidance on Local Government Pension Scheme (LGPS) asset pooling. This new guidance aims to support further progress in the reform of LGPS investment management which began in England and Wales in 2015. The draft statutory guidance is provided in appendix 1.
- 3.2 A summary of key points are as follows:
- 3.3 Pool members must appoint a pool company or companies to implement their investment strategies in order to maximise the benefits of scale. This includes:
- the selection, appointment, dismissal of investment managers.
 - the management of internally managed investments.
 - the provision and management of pool vehicles including pool funds
- 3.4 Pool members must establish and maintain a pool governance body in order to set the direction of the pool and to hold the pool company to account.
- 3.5 Pool members should take account of the benefits across the pool and across the scheme as a whole and should not seek to simply minimise costs in the short term.
- 3.6 Pool members should transition existing assets into the pool as quickly and cost effectively as possible. Transition of listed assets should take place over a relatively short period. Pool governance bodies should seek to minimise the transition costs to pool members.
- 3.7 Some existing investments may be retained by pool members on a temporary basis, if the cost of moving the existing investments exceeds the benefits of doing so.
- 3.8 Pool members should normally make all new investments through the pool company in order to maximise the benefits of scale. Following the 2019 valuation, pool members will review their investment strategies and put revised strategies in place from 2020. From 2020, when new investment strategies are in place, pool members should make new investments outside the pool only in very limited circumstances.
- 3.9 A small proportion of a pool member's assets may be invested in local initiatives within the geographical area of the pool member or in products tailored to particular liabilities specific to that pool member. These assets should not normally exceed 5% of the value of the pool member's assets.
- 3.10 Whilst there is no target for infrastructure investment for pool members or pools, pool members are expected to set an ambition on investment in this area.

- 3.11 Pool members are required to report total investment costs and performance against benchmarks publicly and transparently in their annual reports, following the CIPFA guidance *Preparing the Annual Report*, with effect from the 2018-19 report.

4.0 Initial observations

- 4.1 The previous guidance on asset pooling was issued in 2015 and since then eight asset pools are now operational and new guidance is required in light of experience and in response to the issues that have arisen so far.
- 4.2 Following the period of consultation the guidance will be statutory and administering authorities will be required to act in accordance with it.
- 4.3 69% of the Brent Pension Fund's investments are invested with the LCIV as at 31 December 2018. Going forward, the Fund's investment strategy has stated that the fund will be investing with the LCIV where suitable investment opportunities are available. On that basis the draft statutory guidance is welcome as it is clearly linked to the Fund's investment strategy and investment beliefs that were agreed in November 2018.
- 4.4 Some of the existing investments in the Fund are however long-term investments and will therefore be part of the Fund's portfolio for many years. For example, the fund has £25m of undrawn capital commitments with Capital Dynamics and Allinda and these investments will take many years to reach their end date. However, as part of the new investment strategy, no new commitments will be made to these fund managers and therefore the Fund is compliant with the draft statutory guidance.
- 4.5 We consider that strategic asset allocation remaining the responsibility of administering authorities as a positive statement.
- 4.6 The guidance encourages investment in infrastructure as a result of the pool being able to provide the scale, capacity and capability needed for cost effective investment in order to generate secure long term returns. This statement links well to the current investment strategy of the Fund (with a 15% target asset allocation) as it considers the infrastructure investment the LCIV will have available for investment in April 2019.
- 4.7 Overall the draft guidance is as a whole positive and provides clarity in respect of a number of important issues in relation to asset pooling within the LGPS.

5.0 Legal Implications

- 5.1 Not applicable

6.0 Equality Implications

- 6.1 Not applicable

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable

8.0 Human Resources

8.1 Not applicable

Report sign off:

Conrad Hall

Chief Finance Officer

Local Government Pension Scheme

Statutory guidance on asset pooling

Contents

Foreword

- 1 Introduction**
- 2 Definitions**
- 3 Structure and scale**
- 4 Governance**
- 5 Transition of assets to the pool**
- 6 Making new investments outside the pool**
- 7 Infrastructure investment**
- 8 Reporting**

Foreword

The reform of investment management in the Local Government Pension Scheme (LGPS) for England and Wales began in 2015 with the publication of criteria and guidance on pooling of LGPS assets, following extensive consultation with the sector. LGPS administering authorities responded by coming together in groups of their own choosing to form eight asset pools.

Through the hard work and commitment of people across the scheme, those eight pools are now operational. Their scale makes them significant players at European or global level, and significant annual savings have already been delivered, with the pools forecasting savings of up to £2bn by 2033. Along the way many lessons have been learnt and great progress has been made in developing expertise and capacity, including in private markets and infrastructure investment.

This is a considerable achievement in itself, but there is still a long way to go to complete the transition of assets and to deliver the full benefits of scale. In the light of experience to date with pooling and the challenges ahead, authorities have requested guidance on a range of issues. The time is now right for new guidance to support further progress.

1 Introduction

1.1 This guidance sets out the requirements on administering authorities in relation to the pooling of LGPS assets, building on previous Ministerial communications and guidance on investment strategies, and taking account of the current state of progress on pooling. It is made under the powers conferred on the Secretary of State by Regulation 7(1) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the 2016 Regulations). Administering authorities are required to act in accordance with it.

1.2 This guidance replaces the section at pages 7 to 8 of Part 2 of *Guidance for Preparing and Maintaining an Investment Strategy*, issued in September 2016 and revised in July 2017, which deals with regulation 7(2)(d) of the 2016 Regulations. It also replaces *Local Government Pension Scheme: Investment Reform Criteria and Guidance*, issued in November 2015.

2 Definitions

2.1 This guidance introduces a set of definitions for use in this and future guidance, as follows:

‘Pool’ the entity comprising all elements of a Local Government Pension Scheme (LGPS) asset pool

‘Pool member’ an LGPS administering authority which has committed to invest in an LGPS pool and participates in its governance

‘Pool governance body’ the body used by pool members to oversee the operation of the pool and ensure that the democratic link to pool members is maintained (for example, Joint Committees and officer committees)

‘Pool company’ the Financial Conduct Authority (FCA) regulated company which undertakes selection, appointment, dismissal and variation of terms of investment managers, and provides and operates pool vehicles for pool members

‘Pool fund’ a regulated unitised fund structure operated by a regulated pool company, such as an Authorised Contractual Scheme (ACS)

‘Pool vehicle’ an investment vehicle (including pool funds) made available to pool members by a regulated pool company

‘Pooled asset’ an investment for which the selection, appointment, dismissal and variation of terms for the investment manager is delegated to a regulated pool company, or an investment held in a pool vehicle

‘Retained asset’ an existing investment retained by a pool member during the transition period

‘Local asset’ a new investment by a pool member which is not a pooled asset

3 Structure and scale

3.1 All administering authorities must pool their assets in order to deliver the benefits of scale and collaboration. These include:

- reduced investment costs without affecting gross risk-adjusted returns
- reduced costs for services such as custody, and for procurement
- strengthened governance and stewardship and dissemination of good practice
- greater investment management capacity and capability in the pool companies, including in private markets
- increased transparency on total investment management costs
- diversification of risk through providing access to a wider range of asset classes, including infrastructure investments

3.2 In order to maximise the benefits of scale, pool members must appoint a pool company or companies to implement their investment strategies. This includes:

- the selection, appointment, dismissal and variation of terms of investment managers, whether internal or external

- the management of internally managed investments
- the provision and management of pool vehicles including pool funds

It is for the pool companies to decide which investment managers to use for pool vehicles, including whether to use in-house or external management. Pool members may continue to decide if they wish to invest via in-house or externally managed vehicles.

3.3 Pool companies may be wholly owned by pool members as shareholders or may be procured and appointed by the pool members as clients.

3.4 A pool company must be a company regulated by the Financial Conduct Authority (FCA) with appropriate FCA permissions for regulated activities. This helps ensure the pools comply with financial services legislation, and provides additional assurance to scheme members and employers. Depending on the structure of the pool, appropriate permissions may include permissions for execution, acting as agent, provision of advice, or such other permissions as required by the FCA. Where regulated funds (e.g. in an ACS) are operated by the pool company it should comply with relevant UK legislation.

Regular review of services and procurement

3.5 Pool governance bodies, working with the pool company, should regularly review the provision of services to the pool, and the process of procurement, to ensure value for money and cost transparency. Where services are procured or shared by pool members, pool members should regularly review the rationale and cost-effectiveness of such arrangements, compared to procurement and management through the pool company. Pool members and pool companies should consider using the national LGPS procurement frameworks (www.nationallgpsframeworks.org) where appropriate.

Regular review of active and passive management

3.6 Pool members, working with the pool company, should regularly review the balance between active and passive management in the light of performance net of total costs. They should consider moving from active to passive management where active management has not generated better net performance over a reasonable period. Pool members should also seek to ensure performance by asset class net of total costs is at least comparable with market performance for similar risk profiles.

4 Governance

4.1 Pool members must establish and maintain a pool governance body in order to set the direction of the pool and to hold the pool company to account. Pool governance bodies should be appropriately democratic and sufficiently resourced to provide for effective decision making and oversight.

4.2 Pool members, through their internal governance structures, are responsible for effective governance and for holding pool companies and other service providers to account. Strategic asset allocation remains the responsibility of pool members, recognising their authority's specific liability and cash-flow forecasts.

4.3 Members of Pension Committees are elected representatives with duties both to LGPS employers and members, and to local taxpayers. Those who serve on Pension Committees and equivalent governance bodies in LGPS administering authorities are, in many ways, required to act in the same way as trustees in terms of their duty of care to scheme employers and members, but are subject to a different legal framework, which derives from public law. In particular while they have legal responsibilities for the prudent and effective stewardship of LGPS funds, LGPS benefits are not dependent on their stewardship but are established and paid under statute in force at the time.

4.4 Those who serve on Pension Committees and equivalent governance bodies in pool members should therefore take a long term view of pooling implementation and costs. They should take account of the benefits across the pool and across the scheme as a whole, in the interests of scheme members, employers and local taxpayers, and should not seek simply to minimise costs in the short term.

4.5 Local Pension Boards of pool members have a key role in pool governance, given their responsibilities under the LGPS Regulations 2013 (regulation 106 (1)) for assisting authorities in securing compliance with legislation, and ensuring effective and efficient governance and administration of the LGPS. They can provide additional scrutiny and challenge to strengthen pool governance and reporting, and improve transparency and accountability for both members and employers.

4.6 Local Pension Boards may also provide a group of knowledgeable and experienced people from which observers may be drawn if pool members wish to include observers on pool governance bodies.

Strategic and tactical asset allocation

4.7 Pool members are responsible for deciding their investment strategy and asset allocation, and remain the beneficial owners of their assets, in accordance with *Guidance for Preparing and Maintaining an Investment Strategy*.

4.8 Pool members collectively through their pool governance bodies should decide the pool's policy on which aspects of asset allocation are strategic and should remain with the administering authority, and which are tactical and best undertaken by the pool company. Pool governance bodies, when determining where such decisions lie, should be mindful of the trade-off between greater choice and lower costs and should involve the pool company to ensure the debate is fully informed on the opportunities and efficiencies available through greater scale.

4.9 Providing pool members with asset allocation choices through an excessively wide range of pool vehicles or investment managers will restrict the pool company's ability to use scale to drive up value. On the other hand maximising scale by significantly limiting asset allocation options may not provide all pool members with the diversification needed to meet their particular liability profile and cash flow requirements. Pool members should set out in their Funding Strategy Statement and Investment Strategy Statement how they, through the pool governance body, have balanced these considerations and how they will keep this under regular review.

4.10 Where necessary to deliver the asset allocation required by pool members, pool companies may provide a range of pool vehicles and in addition arrange and manage segregated mandates or access to external specialist funds. Pool governance bodies should ensure that their regulated pool companies have in place the necessary permissions to enable pool vehicles to be made available where appropriate.

4.11 Determining where asset allocation decisions lie will not be a one-off decision as pool member requirements will change over time. Pool governance bodies should ensure that a regular review process, which involves both pool members and pool companies, is in place.

5 Transition of assets to the pool

5.1 Pool members should transition existing assets into the pool as quickly and cost effectively as possible. Transition of listed assets should take place over a relatively short period.

5.2 Pool governance bodies, working with pool companies and, where appointed, external transition managers, should seek to minimise transition costs to pool members while effectively balancing speed, cost and timing, taking into account exit or penalty costs and opportunities for crossing trades.

5.2 The transition process will incur direct or indirect costs which may fall unevenly across pool members. For example, where the selected managers are used by some pool members but not others. In such cases pool members who are already using the selected manager may incur significantly lower (if any) transition costs than those who do not.

5.3 Inter-authority payments (or other transfers of value) may be desirable in order to share these costs equitably between pool members. The Government's view is that such payments are investment costs within Regulation 4(5) of the 2016 Regulations, and payments made by a pool member to meet its agreed share of costs may be charged to the fund of that pool member, whether the payments are made to other pool members, the pool company, or another body by agreement.

Temporary retention of existing assets

5.4 In exceptional cases, some existing investments may be retained by pool members on a temporary basis. If the cost of moving the existing investment to a pool vehicle exceeds the benefits of doing so, it may be appropriate to continue to hold and manage the existing investment to maturity before reinvesting the funds through a pool vehicle.

5.5 In many cases there will be benefits in such retained assets being managed by the pool company in the interim. However pool members may retain the management of existing long term investment contracts where the penalty for early exit or transfer of management would be significant. These may include life insurance contracts ('life funds') accessed by pool members for the purpose of passive equity investment, and some infrastructure investments. Pool members may also retain existing direct property assets where these may be more effectively managed by pool members.

Regular review of retained assets

5.6 Pool members, working with the pool company, should undertake regular reviews (at least every three years) of retained assets and the rationale for keeping these assets outside the pool. They should review whether management by the pool company would deliver benefits. Pool members should consider the long term costs and benefits across the pool, taking account of the guidance on cost-sharing, and the presumption should be in favour of transition to pool vehicles or moving such assets to the management of the pool company.

6 Making new investments outside the pool

6.1 Pool members should normally make all new investments through the pool company in order to maximise the benefits of scale. Following the 2019 valuation, pool members will review their investment strategies and put revised strategies in place from 2020. From 2020, when new investment strategies are in place, pool members should make new investments outside the pool only in very limited circumstances.

6.2 A small proportion of a pool member's assets may be invested in local initiatives within the geographical area of the pool member or in products tailored to particular liabilities specific to that pool member. Local assets should:

- Not normally exceed an aggregate 5% of the value of the pool member's assets at the point of investment.
- Be subject to a similar assessment of risk, return and fit with investment strategy as any other investment.

6.3 Pool members may invest through pool vehicles in a pool other than their own where collaboration across pools or specialisation by pools can deliver improved net returns.

6.4 During the period of transition, while pool governance bodies and pool companies work together to determine and put in place the agreed range of pool vehicles, a pool member may make new investments outside the pool, if following consultation with the pool company, they consider this is essential to deliver their investment strategy. This exemption only applies until the pool vehicles needed to provide the agreed asset allocation are in place.

7 Infrastructure investment

7.1 Infrastructure investment has the potential to provide secure long term returns with a good fit to pension liabilities, and form part of investment strategies of authorities. The establishment of the pools was intended to provide the scale needed for cost-effective investment in infrastructure, and to increase capacity and capability to invest in infrastructure.

7.2 There is no target for infrastructure investment for pool members or pools, but pool members are expected to set an ambition on investment in this area. Pool companies may provide pool vehicles for investment in UK assets, or overseas assets, or both, as required to provide the risk and return profile to meet pool member investment strategies. However the Government expects pool companies to provide the capability and capacity for pools over time to move towards levels of infrastructure investment similar to overseas pension funds of comparable aggregate size.

7.3 Pool companies may provide pool vehicles for investment in existing (brownfield) or new (greenfield) infrastructure, based on an assessment of the benefits and risks in relation to pool member liabilities, and non-financial factors where relevant. Pool members may invest in their own geographic areas but the asset selection and allocation decisions should normally be taken by the pool company in order to manage any potential conflicts of interest effectively, maintain propriety, and ensure robust evaluation of the case for investment.

7.4 For the purpose of producing annual reports, infrastructure assets are defined in the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance *Preparing the Annual Report* as follows:

Infrastructure assets are the facilities and structures needed for the functioning of communities and to support economic development. When considered as an investment asset class, infrastructure investments are normally expected to have most of the following characteristics:

- *Substantially backed by durable physical assets;*
- *Long life and low risk of obsolescence;*
- *Identifiable and reliable cash flow, preferably either explicitly or implicitly inflation-linked;*
- *Revenues largely isolated from the business cycle and competition, for example, through long term contracts, regulated monopolies or high barriers to entry;*
- *Returns to show limited correlation to other asset classes.*

Key sectors for infrastructure include transportation networks, power generation, energy distribution and storage, water supply and distribution, communications networks, health and education facilities, social accommodation and private sector housing.

Conventional commercial property is not normally included, but where it forms part of a broader infrastructure asset, helps urban regeneration or serves societal needs it may be.

7.5 All residential property is included in this definition of infrastructure. It is not restricted to social accommodation or private sector housing.

7.6 A variety of platforms may be required to implement the infrastructure investment strategies of pool members. Pool companies are expected to provide access to a range of options over time including direct and co-investment opportunities.

8 Reporting

8.1 Pool members are required to report total investment costs and performance against benchmarks publicly and transparently in their annual reports, following the CIPFA guidance *Preparing the Annual Report*, with effect from the 2018-19 report.

8.2 In summary, pool member annual reports should include:

- opening and closing value and proportion of pooled assets by asset class
- opening and closing value and proportion of local assets by asset class
- net and gross performance of pooled assets by asset class
- total costs of pooled assets by asset class
- for actively managed listed assets, net performance by asset class net of total costs compared to appropriate passive indices over a one, three and five year period
- net and gross performance of local assets by asset class
- total costs of local assets by asset class
- asset transition during the reporting year
- transition plans for local assets
- pool set-up and transition costs, presented alongside in-year and cumulative savings from pooling
- ongoing investment management costs by type, with a breakdown between pooled assets and local assets

8.3 Investments should be classed as pool assets on the basis of the definition in the CIPFA guidance *Preparing the Annual Report*.

For the purpose of defining those assets which are classed as being within an asset pool, 'pooled assets' are those for which implementation of the investment strategy – i.e. the selection, appointment, dismissal and variation of terms for the investment managers (including internal managers) – has been contractually, transferred to a third party out with the individual pension fund's control.

8.4 Any investment where a pool member retains the day to day management, or the responsibility for selecting or reappointing an external manager, is not a pool asset.

8.5 Pool members should provide a rationale for all assets continuing to be held outside the pool, including the planned end date and performance net of costs including a comparison which costs of any comparable pool vehicles. They should also set out a high level plan for transition of assets.

8.6 The SAB will publish an annual report on the pools based on aggregated data from the pool member annual reports, in the Scheme Annual Report. Pool members should comply with all reasonable requests for any additional data and information from the SAB to enable it to publish a comprehensive report.

8.7 Pool members should ensure that pool companies report in line with the SAB Code of Cost Transparency. They should also ensure that pool companies require their internal and external investment managers to do so.

8.8 Pool members should also ensure that the annual report of the pool company is broadly consistent with the reports of pool members, and with the Scheme Annual Report, in so far as it relates to their investments, and that the report includes a narrative to explain differences. These may arise for example from reporting periods of pool companies which differ from that of the pool member.

8.9 Pool members are required to report any change which results in failure to meet the requirements of this guidance to the LGPS Scheme Advisory Board (SAB) and to MHCLG.

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MINUTES OF THE PENSION BOARD **Thursday 13 December 2018 at 6.00 pm**

PRESENT: Mr Ewart (Chair), Councillor Crane and Councillor Kabir, Ms Bola George and Mr Sebastian Steer.

1. **Apologies for absence**

Mr Euton Stewart and Mr Trevor Dawson.

2. **Declarations of interests**

None declared.

3. **Minutes of the previous meeting - 24 July 2018**

The minutes of the meeting held on 24 July 2018 were approved as an accurate record.

4. **Matters arising**

None.

5. **Pensions Administration - monitoring and contract arrangements**

The Board received a performance report as part of its remit to oversee the administration of the Brent Pension Fund. The report included commentary on performance indicators, administrative updates and recent developments.

Ravinder Jassar (Head of Finance) provided the updates. Members heard that an annual benefit statement (ABS) was issued to all members identified on the year end returns from employers by the statutory deadline of 31 August 2018 for active members within the scheme apart from a small number of records where either data was missing or queries from year end returns had not been resolved in time. The vast majority of these employers were schools that were closed over the summer months and could not respond to Capita's queries in time for the scheduled print run in mid-August. Given the change in administrator during this period, each of the outstanding queries had been logged and case files transferred to LPP. LPP would be working with the relevant employers to resolve the remaining outstanding queries to enable them to issue a manual statement of benefits to those members.

In relation to deferred members, an ABS was sent to all members where an up to date address was held. Last year 1,478 records did not have an up to date address and so did not receive an ABS. The scheme manager then procured the services of a specialist tracing company, Target, who were successful in finding the new addresses of over 75% of those members. There remained 364 deferred members where an up to date address could not be found and so did not receive an ABS in this year's ABS rollout. Those members were proving more difficult to find and so

further, more extensive, search options were being explored with both Target and LPP. As Target suspected that some of these members may have moved overseas and/or deceased, this exercise could be somewhat expensive. For reasons set out within the report it was considered that the less than 100% ABS would not constitute a material breach to warrant reporting to The Pension Regulator (TPR).

Mr Jassar then reported on the successful smooth transition to LPP on 1st October 2018 when the service went live as planned. Monthly contract performance meetings had since been arranged where performance against agreed service level agreements (for example time taken to process joiners, transfers in/out, retirements, deaths, refunds, etc.) would be monitored and reported to the Pension Board on a quarterly basis. The Annual Scheme return 2017/18 Scheme Return for the Brent Pension Fund was submitted to TPR ahead of the statutory deadline of 6 November 2018.

He then reported that back in August 2018, the TPR had written to the scheme manager informing him that they would be conducting an in depth engagement to discuss governance and administration of the scheme. To this end, he emphasised the need for members' training to ensure that members had the skills, knowledge and understanding to support the scheme in running properly. Mr Jassar undertook to send a link to TPR's free online learning programme (the Trustee toolkit) which all members of the Pension Board were expected to complete.

In welcoming the report, members thanked officers for the smooth transition of the administration service to LLP whose officers had, thus far, demonstrated efficiency in resolving queries.

RESOLVED:

That the report from the Chief Finance Officer on Pensions Administration – monitoring and contract arrangements be noted.

6. Pensions Administration Strategy

The Board received a report that presented the revised Pensions Administration Strategy (PAS) for the Brent Pension Fund. The PAS is a statement that outlined the policies and performance standards towards providing a high quality, effective and efficient pensions administration service.

Mr Ravinder Jassar (Head of Finance) outlined the methodology in producing the revised strategy which involved officers working closely with LPP and consulting with Employers to obtain their feedback on the document. On receipt of the new proposed strategy, a number of comments were received, primarily from schools. The main concern was the concept of charging for non-compliance. Following this feedback it was agreed to revise the PAS to clarify to employers, the legal and regulatory framework within which pension's administration operated. It was also agreed to be more explicit that charging would be a last resort which would only be pursued in exceptional circumstances where employer performance repeatedly fell short of expectations. He emphasised that the first port of call would always be, to engage and educate employers before such action was considered.

Mr Jassar drew Members' attention to the revised PAS attached as appendix A to the report and asked for comments and feedback. He envisaged that the revised strategy would be sent to employers in December.

A member stated that schools were satisfied with the approach that the charges would apply in a reasonable and positive way. In welcoming the revised strategy, members commented that the document would improve the working relationship between Employers and the Council. Additionally, it would promote the ultimate aim which was to educate employers on how to provide accurate and timely data to the Fund and hence improve the service provided to scheme members.

RESOLVED:

That revised pensions administration strategy attached as an appendix to the report be noted.

7. Risk Management Strategy and Risk Register

The report presented the revised Risk Management Strategy and Risk Register for the Brent Pension Fund Pensions Administration Service. Members were informed that having a strategy and register in place was not only considered a good practice but also a way for the scheme manager to identify and manage scheme risks.

Mr Ravinder Jassar (Head of Finance) informed members that using guidance from The Pensions Regulator and CIPFA, together with Brent's internal risk management resources, a process was undertaken to produce a risk management strategy that was unique to Brent's circumstances. This involved a workshop that identified all of the relevant risks; assessment of risks in terms of likelihood, understanding risk management and contingency planning, monitoring risks and documentation in a register.

He added that it was recognised that risk management worked well when the administering authority, the Pensions Board and employers worked together. All parties then understood each other's capacity and appetite for risk. Members heard that key elements of the risk strategy were discussed at a recent working party set up with the scheme manager, administrator and select employers for feedback and comment. Going forward, further engagement was planned as part of the employer consultation of the new Pensions Administration Strategy.

RESOLVED:

That the report on risk management strategy and risk register be noted.

8. Local Government Association's Pensions (LGPS) regulations

The report before members updated the board on recent changes to the Local Government Pension Scheme regulations and other key developments from the Local Government Association's Pensions Committee. Mr Ravinder Jassar (Head of Finance), in explaining the processes involved stated that every three years all employers had a legal duty to assess and re-enrol staff who have left the workplace pension scheme. This was known as 're-enrolment'. Each employer must then submit a re-declaration of compliance to The Pensions Regulator informing them

that our legal duties have been met, even if there were no staff to re-enrol. He continued that Brent last carried out re-enrolment duties on 1 February 2016 and would need to do so again in 2019. He advised that failure to comply with all of the relevant steps may result in enforcement actions including fines by TPR.

Members heard that the next triennial valuation, the purpose of which was to ensure that periodic assessments gave an insight into whether the Fund had sufficient assets to meet its liabilities, would take place on 31st March 2019. Employer contribution rates may change depending on the results of valuations. In order to ensure a smooth 2019 valuation process, planning with the actuary including completion of key valuation calculations had already begun. On Data cleansing, Mr Jassar advised that officers had engaged with Hymans earlier than previous valuations to agree a valuation timetable, review and test key contribution strategies. In addition, engagement with employers' forum was held on 12 October notifying employers of the valuation plans and a further event was planned in February 2019.

Mr Jassar then drew Members' attention to The Local Government Association's Pensions Committee monthly bulletin for employers and members that covered a wide range of pensions administration topics. The bulletins produced in the months up to the date of despatch of this report were attached as appendices.

RESOLVED:

That the report on Local Government Association's Pensions (LGPS) regulations and the appendices attached to the report be noted.

9. Proposed adoption of the new investment strategy

The Board considered a report that provided updates on further work undertaken since the presentation of the investment review in June 2018, and the decisions now proposed, to implement the strategy over the short to medium term. Members were being asked to note the recommendations of the report which had been considered and approved by Brent Pension Fund Sub-Committee at its last meeting on 6th November 2018. Mr Ravinder Jassar (Head of Finance) informed the Board that all new investments were being made through the London Collective Investment Vehicle (London CIV). With that in view, a member requested that a recommendation be made to the Pension Fund Sub-Committee for a Trade Union representative to sit on London CIV shareholder committee with full voting rights.

RESOLVED

That the following recommendations approved by Brent Pension Fund Sub-Committee be noted;

- (i) Approved the Investment Beliefs as set out in Appendix A.
- (ii) Approved the proposed target and interim asset allocation as set out in Appendix B.

- (iii) Granted delegated authority to the Chief Finance Officer to sell holdings that are not consistent with the new strategy and to acquire new holdings. This includes the following:
- (a) To sell the Janus Henderson Total Return Bond and buy passive longer dated gilts with BlackRock and the London CIV Multi Asset Credit Fund, utilising some of the available cash held for investment (as set out in section five);
 - (b) To sell Janus Henderson Small caps UK equities mandate (as set out in section seven);
 - (c) To hold a more regionally diversified approach to global equities, by reducing the Fund's UK equity exposure and introducing an allocation to emerging markets (as set out in section four); and
 - (d) To utilise part of the current cash balance available for investment in the interim when suitable investments become available to achieve the proposed Investment Strategy (as set out in section seven) of the report.

10. Responsible Investment Policy

The Board considered a report that presented the Responsible Investment Policy of the London Collective Investment Vehicle (London CIV). The policy detailed the approach that the London CIV aimed to follow in integrating environmental, social and governance ('ESG') issues in its investments. Members were being asked to note the recommendations of the report which had been considered and approved by Brent Pension Fund Sub-Committee at its last meeting on 6th November 2018.

RESOLVED:

That the Responsible Investment Policy as set out in the report be noted and supported.

11. Monitoring report on fund activity Quarter to June 2018

The Board received a report that provided a summary of the Fund's activity during the quarter ended 30 June 2018, examined the economic and market background, and investment performance, as well as commenting on events in the quarter. Members were being asked to note the recommendations of the report which had been considered and approved by Brent Pension Fund Sub-Committee at its last meeting on 6th November 2018.

Members heard from Ravinder Jassar (Head of Finance) that during the quarter ending 30 June 2018, the Fund increased in value by 5.4% (£44.6m) from £831.1m to £875.8m, an improvement from the reduction in value of the fund of £23.9m in the last quarter. The increase in the value of funds was mainly attributable to the increase in the value of UK and Global Equities; primarily Global Equities with an increase in value of £21.4m. The value of cash being held had also increased by £14m since the last quarter.

RESOLVED:

That the contents of the report and Independent Financial Adviser's investment report be noted.

12. Brent Pensions Fund Annual Accounts and Annual report (audited version).

The Pension Board received a report that presented the audited Pension Fund Annual Report and Annual Accounts for the year ended 31 March 2018. Members were being asked to note the recommendations of the report which had been considered and approved by Brent Pension Fund Sub-Committee at its last meeting on 6th November 2018.

Ravinder Jassar (Head of Finance) informed members that against a backdrop of continued uncertainty in the global economy and increased volatility in the financial markets, the value of the Fund's investments increased from £802.6m to £831.3m. Total contributions for the year increased whilst total benefits paid to scheme beneficiaries decreased on the previous year's figures. Members heard that during the year, College of North West London exited the Fund and BHP was brought back within the direct control of Brent Council, however the net impact on the Fund was nil.

In welcoming the report, Members were united in expressing their thanks to the Head of Finance and his team of officers.

RESOLVED:

That the Brent Pension Fund Annual Report and Accounts 2017/18 be noted.

13. Date of next meeting

The date of next meeting was likely to be postponed from February to March 2019. Members would be advised when it was confirmed.

14. Any other urgent business

Members were united in expressing their best wishes to Ms Folake Olufeko (Senior Finance Analyst) during her maternity leave from January 2019.

The meeting closed at 6.55 pm

MR. D EWART
Chair