



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