



MINUTES OF THE PENSION BOARD
Tuesday 21 November 2017 at 7.00 pm

PRESENT: Councillor Mr Ewart (Chair) and Councillors Crane, Kabir, Mr Dawson and Mr Steer

Apologies were received from: Mr Stewart

1. Apologies for absence

Apologies for absence were received from received from Mr Euton Stewart (GMB).

2. Declarations of interests

There were no declarations received from Members.

3. Minutes of the previous meeting

RESOLVED: -

That the minutes of the last meeting held on 26 July 2017 be approved as an accurate record.

4. Matters arising (if any)

Ravinder Jassar (Head of Finance) informed members that the Pension Fund Annual Accounts had been fully audited since the last meeting with no changes required. In welcoming the update, the Chair thanked officers for their all their work on this matter.

5. Implementation of the Markets in Financial Instruments Derivative (MiFID II)

At the invitation of the Chair, the Board received a report previously presented to the Brent Pension Fund Sub-committee on 7th November 2017, which outlined the impact of the implementation of the Markets in Financial Instrument Directive 2014/65 ("MiFID II"). Focusing on the key points in the report, Ravinder Jassar (Head of Finance) drew members' attention to the possibility of the administering authority becoming a retail client on 3rd January 2018, unless it applied for a professional client status. An application for professional status was being considered by the appropriate authority.

RESOLVED that:

- i) the contents of the report be noted;

- ii) the approval be given to the administrative authority to continue with the application process for elected professional client status in order to ensure it can continue to implement an effective investment strategy working on the opting up process.

6. **Quarterly monitoring report on fund activity: Quarter to June 2017**

The Board received a report that provided a summary of the Fund's activity during the quarter ended 30 June 2017 and examined the economic, market background and investment performance as well as commenting on events in the quarter.

Ravinder Jassar (Head of Finance) drew members' attention to the asset allocation list as of 30 June 2017 compared to the benchmark and investment return in the individual markets (Table 1 from the report). He highlighted the cash deposits of £60.4m and explained that these were being held for any capital commitments in private equity and infrastructure, to meet the payment required as a result of the transfer of a college to another fund, as well as to re-allocate other investments.

On investment returns in individual markets, members were informed that figures had been as expected, except for the Ruffer Diversified Growth Fund which had performed less than expected. It was understood that to improve future performance, Ruffer would be investing in short term equities against long term bonds as an effective offset and to help the fund respond positively.

Finally, the Board's attention was drawn to Table 3 from the report and members asked to note the compliance with investment limits as specified within the FSS.

RESOLVED that:

- i) the contents of the report and the Independent Financial Adviser's investment report, attached to the main body of the report, be noted;
- ii) compliance with investment limits as specified within the FSS be noted.

7. **Update on the London CIV and the Fund's Investment Options**

Ravinder Jassar (Head of Finance) gave an update on London Collective Investment Vehicle (CIV) since the last meeting and the timescales attached to making investments within it. Members heard that the CIV had a range of investment options available, mostly global equities but also fixed income and infrastructure investments. It was further explained that suitability of products for a pension fund were correlated to the type of liabilities at stake and level of accepted risk. Therefore, officers explained that an asset liability exercise would be conducted with the primary aim of identifying those liabilities, subsequently re-assessing the Fund's investment strategy and allowing for a more effective asset allocation and better understanding of the appropriateness of the Council's investment beliefs.

RESOLVED that:

- i) The update on London CIV be noted;
- ii) Approval be given for the assessment of asset liability to be carried out.

8. Pension Administration Service Update

David Veale (Director of Human Resources and Organisational Development) presented the report, which updated members on the performance of the pension administration contract and progress on the appointment of a new provider. Focusing on the key points of the report, David Veale drew members' attention to the performance on issuance of annual benefit statements to members of the Local Government Pension Scheme (LGPS), Brent record keeping plan and provision of the Pension Administration Service (PAS) when the current contract with Capita expired.

In terms of annual benefit statements, Mr Veale explained that the LGPS regulations required that statements be issued to all active members by 31st August each year, following the end of the tax year. The end of year returns required to be sent by Capita were 5, 666 in total. However, only 4,265 statements had been sent by 31 October 2017, with 1,401 statements still outstanding. This was mostly due to incomplete records, calculation errors and members who had left or retired between April 2017 and March 2017. With regards to deferred memberships, Mr Veale explained that although there had been an improvement by approximately 9% in comparison to the previous year, 1,987 statements had not yet been sent out due to a range of queries, mostly because deferred members had changed addresses and had not informed either the PAS or Brent administering authority. As a result of not meeting the 100% distribution of Annual Benefit Statements, a material breach was self-reported to the Pension Regulator on 28th September 2017. Subsequently, there had been significant engagement between the Pension Regulator and Brent Administering Authority with fortnightly updates to the Pension Regulator being given.

Referencing the appendices to the report, he drew members' attention to the regulatory requirement for maintaining a record keeping plan and the need to improve the pension scheme data held by the Council. The Plan set out specific data which required attention and remedial action. Quotes for conducting data cleansing and correcting specific data such as address tracing had been obtained and considered a necessary expenditure in order to meet the legislative requirements for such service provision.

He then drew members' attention to the main part of the report, which focused on the progress with finding a new pension administration service provider. Members heard that the administration of the Local Government Pension Scheme (LGPS) for Brent Council had been outsourced since 1994. The current contract was awarded to Capita Hartshead now Capita Employee Benefits in 2011, originally assigned to Capita on 1st October 2011 for a period of six years. The contract was extended by one year in September 2017, an option within the contract, whilst the process for finding a new supplier and other options were being explored. Upon agreement by the Council's Management Team (CMT), it was decided that rather than going down the procurement route, the Council would aim for a shared service with another Local Authority and seek to enter an inter-authority agreement.

At an engagement event held on 4 September 2017, attended by officers, including the Chair of the Pension Board, the Council met with three of the invited providers – Local Pensions Partnership (LPP), Orbis and West Yorkshire Pension Fund

(WYPF) who delivered their presentations. Referencing Table 1 from the report, Mr Veale explained that following a process of due diligence and based on a range of factors as laid out in the report, Local Pensions Partnerships and West Yorkshire were shortlisted. He further elaborated that despite West Yorkshire Pension Fund offering a more competitive quote, the Local Pension Partnership was ultimately chosen as the new pension administration service provider to the Council. This was due not only to their IT systems and experience with delivering sustained quality service but also their reputation and experience with migrating shared services. The Board heard that the recommendation had already been approved by both Cabinet and the General Purposes Committee and work on migrating the service to LPP would shortly begin.

RESOLVED that:

- i) The updates in the report regarding the new pension administration service provider be noted;
- ii) The appointment of the Local Pension Partnership be supported by the Board;
- iii) Officers be commended for their work and efforts on the project

9. **Any other urgent business**

David Veale and Mildred Phillips

The Board noted that this was David Veale and Mildred Phillips' last meeting. The Chair wished them well and expressed sincere gratitude for their professionalism and commitment to the Board.

10. **Exclusion of Press and Public**

RESOLVED:

That the press and public be excluded from the remainder of the as the report to be considered contained the following category of exempt information as specified in the Local Government Act 1972, namely:

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

11. **Final Cessation Valuation**

The report updated the Board on the outcome of an employer ceasing to be an employing authority in the Brent Pension Fund. Ravinder Jassar (Head of Finance) gave a detailed account of the circumstances and referenced the final valuation report. Members were informed about the final cessation valuation outcome and the amount to settle the debt.

Members took comfort in hearing that the funding strategy was flexible in dealing with cessation situations and that the Council would seek to engage with other employers to support them as they approached similar situations

RESOLVED that:

The contents of the final cessation report be noted.

12. **Date of next meeting**

The next meeting would be held on 6 February 2018.

The meeting closed at 7.30 pm

D EWART
Chair