

**PENSION COMMITTEE**

**19 November 2018 at 7.00 pm**

**MEMBERS:** Councillor Jill Whitehead (Chair), Councillor Ben Andrew (Vice-Chair) and Councillors Edward Joyce, Nali Patel, Eric Allen and Param Nandha

**26. WELCOME AND INTRODUCTIONS**

The Chair welcomed those present.

**27. APOLOGIES FOR ABSENCE**

There were no apologies for absence. Councillor Edward Joyce gave apologies for lateness.

*Councillor Edward Joyce joined the meeting at 7.12. and Councillor Nali Patel arrived later in the meeting.*

**28. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**29. MINUTES OF THE PREVIOUS MEETING**

**RESOLVED:** that the minutes of the meeting held on 26 September 2018 be agreed as an accurate record and was signed by the Chair.

**30. PENSION ADMINISTRATION UPDATE**

The report was presented by Andy Martin, Deputy Pension Administration Manager, who attended in place of David Kellond, Pension Administration Manager. He provided an update on the main work streams impacting pension administration as at 30 September 2018. The committee was advised that annual returns were all now complete and that all statements were now online for Members to view. The committee were advised that a charge had been levied on 11 schools due to late provision of correct data. The team are working with payroll providers to help them avoid being late next year. In respect of pensions online there are 3,500 members signed up. 7,000 letters had been sent to deferred members to encourage them to sign up to view information online.

Councillor Param Nandha asked for an update on payroll providers using standardised file formats. The officer advised that iTrent are developing a standardised report for internal users.

**RESOLVED:** that the report was considered and noted.

### **31. MEMBER TRAINING**

The session was presented by David Walker, Partner Hymans Robertson LLP on Fixed Income Investments.

Councillor Eric Allen asked if fixed income investments would all be considered to be senior secured debt, David Walker confirmed this and also that this is primary originated debt.

Councillor Edward Joyce asked about a previous debt investment in a technology company which was subsequently lost. He raised concern regarding further investment in this sector, and if a high level of security could be provided to mitigate risk. David Walker advised that the previous investment was a different type of investment where there were no covenants in place. David Walker advised that there would be greater covenant strength in this type of investment and also that senior secured debt carried less risk. Members asked about the performance of M&G and the impact of the loss of the previous investment. David Walker confirmed that it did have a negative impact but as the portfolio was well diversified it was considered to be a minimal impact.

### **32. PRESENTATION BY BLACK ROCK AND AVIVA (PROPERTY) FOR INVESTMENT PERFORMANCE RESULTS TO SEPTEMBER 2018**

Catriona Allen, Fund Manager and Alistair Dryer, Head of UK for LaSalle (formally Aviva) made a presentation to the Committee. The committee were advised that at the start of November Aviva was sold to LaSalle and that the Parent Company is Jones Lang LaSalle.

***Councillor Nali Patel joined the meeting at 7.40 and apologised for lateness due to transport issues.***

Members queried the level of return from these investments compared to cash and equity, and the presenter responded accordingly.

Following the presentation David Walker also advised that Hymans Robertson LLP viewed the change from Aviva Property to LaSalle as positive as this was a management buyout.

A presentation was provided from BlackRock. The presentation was by Sara Deakin, Vice President. Also in attendance was Alec Barkett (Associate) who advised the committee he is the new lead Relationship Manager for BlackRock and Katie Jupp (Director) who outlined her role in focusing on the Local Government Pension Scheme.

A Member asked if BlackRock would consider investing in the London Cancer Hub in Sutton. Sara Deakin advised that the BlackRock fund usually invests in primary health care like GP surgeries due to greater understanding of risk in that sector and so would need more information, if they were to consider this. Members also asked about investment in build- to- rent schemes in Sutton and the presenter responded accordingly.

Members asked about the choice of location when investing in student accommodation. They were advised that the main priority is that the accommodation is near to the campus and also factors such as supply and demand in the area are taken into consideration.

The Chair asked about the fund investing in build- to- rent. It was confirmed that this is important due to affordability issues for people being able to save a deposit to buy.

***Councillor Param Nandha left the meeting at 8.40***

### **33. QUARTERLY INVESTMENT PERFORMANCE REPORT**

The report was presented by Gerald Almeroth, Strategic Director Resources. He asked if the Committee had any questions on the performance of the total Fund and individual fund managers for the quarter ending 30 September 2018, performance in the last 12 months, annualised rolling three year performance against the benchmark and performance since inception. There were no Member questions.

The Strategic Director confirmed to the Committee that in respect of the Pension Fund Investment in Invesco this had been used to develop Sutton Point where £15M is invested and property will be used for private sector rental.

**RESOLVED:** that the performance of the total fund, contribution at the fund manager level and detailed attribution of the results was noted.

### **34. EXCLUSION OF THE PRESS AND PUBLIC**

The Chair highlighted that the committee would now consider this exempt item Brexit Implications & Strategy Next Steps.

**RESOLVED:** That the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 Schedule 12A of the Local Government Act 1972.

### **35. BREXIT IMPLICATIONS & STRATEGY NEXT STEPS**

The item was discussed.

**RESOLVED:** that the recommendations be set out within an exempt minute.

### **36. GOVERNMENT ACTUARY DEPARTMENT (GAD) SECTION 13 REPORT**

The report was presented by Paul Audu, Investments, Insurance & Commercial Manager. He advised the committee of the outcome of the GAD review of the actuarial valuations of LGPS funds in England and Wales as at 31 March 2016 contained in a report published on 27 September 2018.

The key points highlighted were that the Sutton pension scheme is in very good financial health and that there had been a good increase in the assets of the scheme.

He pointed out that the GAD had made a number of recommendations, and David Walker advised the committee that all four actuarial firms reverted to Government with their views on these recommendations.

**RESOLVED:** that

1. The content of this report was noted.
2. Sutton Pension Fund's good performance in the GAD's rigorous test against four statutory measures: compliance, consistency, solvency and long-term cost efficiency was noted.
3. It was noted that GAD had reported that, in general, the LGPS is in good health financially and Funds have made significant progress since the 2013 valuation to meet all the assessment criteria.
4. It was noted that GAD's appointment to report under section 13 does not confer any statutory power on the Government Actuary to enforce actions on administering authorities or their advisers.

### **37. UPDATE ON PENSION LANDSCAPE**

The report was presented by Paul Audu, Investments, Insurance & Commercial Manager. He provided an overview of recent key developments including; actuarial valuation of Public Sector Pension Schemes (PSPS), the Local Government Pension Scheme (LGPS) Scheme Advisory Board (SAB) Separation Project and SAB review of LGPS third tier employers and the likely impact of this.

The main area highlighted was the proposal to move the LGPS to review on a four yearly basis. It was confirmed that this will not affect the 2019 valuation.

**RESOLVED:** that

1. The content of this report was noted.

### **38. REVIEW OF WORK PROGRAMME**

The report was presented by Gerald Almeroth. It was noted that there will be a requirement for Member training in respect of ESG policy the date of which is to be confirmed in the new-year, before the draft ESG policy is brought to Committee in March.

**RESOLVED:** that

1. The proposed Work Programme set out in this report was noted.

**39. ANY URGENT BUSINESS**

There was no urgent business.

The meeting ended at 9.15 pm

Chair: .....

Date: .....