

PENSION COMMITTEE**4 September 2017 at 6.00 pm**

MEMBERS: Councillor Sunita Gordon (Chair), and Councillors Richard Broadbent and Edward Joyce

ABSENT Councillors Hamish Pollock, Neil Garratt and Nick Matthey

16. WELCOME AND INTRODUCTIONS

The Chair, Councillor Sunita Gordon, welcomed all those present.

17. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Neil Garratt and Councillor Nick Matthey. It was acknowledged that the meeting was not quorate and therefore the meeting would begin with non-decision making items. The order of the items taken is as per the minutes.

Councillor Edward Joyce arrived at 18:26 and the meeting was quorate after the Member Training item.

18. DECLARATIONS OF INTEREST

No declarations of interest were raised.

19. MEMBER TRAINING

A member development session was delivered on the subject of alternative credit and focussed on:

- The role of income focussed investments.
- Background to alternative credit.
- Ways to access alternative credit - liquid and illiquid; and
- Market outlook.

20. MINUTES OF THE PREVIOUS MEETING

RESOLVED: that the minutes of the meeting held on 12 June 2017 be agreed as an accurate record.

21. QUARTERLY INVESTMENT PERFORMANCE REPORT [TO JUNE 2017]

Lyndsey Gamble, Head of Financial Strategy and Planning, presented the report.

In particular, Members discussed the movement in fund values over the last quarter and the additional investment in two new Partner's Group funds.

Members were reminded that the Newton holding had now transferred into the CIV. The Chair, Councillor Sunita Gordon, requested that CIV holdings be referenced in the report tables and the Head of Financial Strategy and Planning agreed to make it clearer where funds had been transferred in future reports.

RESOLVED: that

1. The performance of the Pension Fund Investment Managers be noted.

22. PRESENTATION BY NEWTON FOR INVESTMENT PERFORMANCE RESULTS [TO JUNE 2017]

David Moylett, Client Director - Newton, provided a presentation on investment performance results to June 2017 which the Committee noted.

Councillor Richard Broadbent queried investment in tobacco companies, where it was confirmed that there was no such restriction.

23. PENSION FUND ANNUAL REPORT

Lyndsey Gamble, Head of Financial Strategy and Planning, presented the report, drawing particular attention to the second recommendation on the subject of the Governance Compliance Statement.

Members discussed best practice guidance and in particular, the governance non-compliance in relation to the composition of the Pension Committee given the existence of the Pension Board. Members requested that the Head of Financial Strategy and Planning look at how other London Boroughs approach committee composition and circulate the information outside of the committee.

Councillor Richard Broadbent requested that an updated training plan, as referenced in the governance statement, be circulated among Members.

An amendment to paragraph 3.10 was highlighted, in that it should read year ended 2017. Councillor Richard Broadbent requested an update on the progress of the pension fund accounts' audit and the Head of Financial Strategy and Planning outlined that this would be discussed at a future committee.

RESOLVED: that

1. The Pension Fund Annual report for 2016/17 be approved.

**Pension Committee
4 September 2017**

2. The Governance Compliance Statement, included as Appendix III of the 2016/17 Pension Fund Annual Report be approved.
3. Authority be delegated to the Strategic Director - Resources to make final amendments to the annual report as required before publication.

24. MIFID II

David Walker, Hyman Robertson, presented the report.

Councillor Richard Broadbent, requested clarification on Paragraph 3.6, the exclusion of certain asset classes, and Paragraph 3.13, significant changes to the committee. Further detail was provided by the Head of Financial Strategy and Planning, citing an example of transport infrastructure with reference to the first question and the departure of senior staff to the second. Further discussion ensued as to the applications required under recommendation 2 and that these would be commenced in September.

It was confirmed by Officers present that other boroughs were taking the same line of action following reference to Appendix A (Retail Client Protections) by Councillor Richard Broadbent who also queried whether there had been any problems with the issues listed in the Appendix, to which it was responded no due to existing professional status.

RESOLVED: that

1. The potential impact on investment strategy of becoming a retail client with effect from 3 January 2018 be noted.
2. The immediate commencement of applications for elected professional client status with all relevant institutions in order to ensure it can continue to implement an effective investment strategy be agreed.
3. It be acknowledged that in electing for professional client status the Committee agrees to forgo the protections available to retail clients as set out in Appendix A.
4. Authority be delegated to the Strategic Director - Resources to complete the applications and determine the basis of the application as either full or single service.

25. PENSION ADMINISTRATION UPDATE

Sarah Spence, Sutton & Kingston Shared Pension Service Project Manager, presented the report, highlighting in particular:

- End of year annual returns
- Roll-out of pensions online
- TUPE transfers

Councillor Richard Broadbent queried the testing carried out on Pensions On Line, referred to in Paragraph 4.3. The Shared Pension Service Project Manager commented that this had impacted on the project timelines.

Councillor Richard Broadbent also requested further details as to the Stage 2 Complaint mentioned in Paragraph 5.4. The Shared Pension Service Project Manager explained that this related to an issued pension benefits estimate and was now resolved.

RESOLVED: that

- 1. The Pensions Administration update report was considered and noted.

26. INVESTMENT STRATEGY REVIEW UPDATE

Lyndsey Gamble, Head of Financial Strategy and Planning, presented the report. David Walker, Hyman Robertson, summarised the report attached at Appendix A.

RESOLVED: that

- 1. Progress on the review and the content of the research paper from the Fund’s investment advisors Hymans Robertson be noted.

27. REVIEW OF WORK PROGRAMME

Members reviewed the work programme and noted:

- December: The final pension administration strategy.

Councillor Richard Broadbent referred to the governance review action plan and enhancements to the online information relating to Pension Funds. Sarah Spence, Shared Pension Service Project Manager, explained that this had been delayed. Councillor Broadbent also drew attention to the absence of member development on Myners Principles. The Chair, Councillor Sunita Gordon, asked that this be considered for December’s meeting if possible.

The Chair, Councillor Sunita Gordon, requested that a follow-up to John Raisin’s Governance Review be reported in 2018.

28. ANY URGENT BUSINESS

No urgent business was raised.

The meeting ended at 20:31

Chair:

Date:

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