

# Pensions Board Minutes



Thursday 19 November 2020

NOTE: This meeting was held remotely. A recording of the meeting can be found at: <https://youtu.be/LMGLfR-AEfg>

## **PRESENT**

**Committee members:** Councillors Rory Vaughan (Chair) and Bora Kwon

**Co-opted members:** William O'Connell and Neil Newton

**Officers:** Timothy Mpofo (Pension Fund Manager), Matt Hopson (Strategic Investment Manager), Rhian Davies (Director of Resources), Dawn Auger (Assistant Director Transformation, Talent and Inclusion), David Hughes (Director of Audit, Fraud, Risk and Insurance), Eleanor Dennis (H&F Pensions Manager), Mathew Dawson (Treasury and Pensions)

### 1. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Khadija Sekhon.

### 2. **DECLARATIONS OF INTEREST**

The Chair carried out a roll call to confirm attendance. There were no declarations of interest.

### 3. **MINUTES OF THE PREVIOUS MEETING**

#### **RESOLVED:**

That the minutes of the previous meeting held on the 13<sup>th</sup> January 2020 were agreed.

*NOTE: The Chair agreed to reorder the agenda. Items 11, 12, and 13 were given priority.*

### 4. **DRAFT MINUTES OF THE PREVIOUS PENSION FUND SUB-COMMITTEE**

The draft minutes of the previous Pension Fund Sub-Committee were noted.

## **5. PENSION FUND QUARTERLY UPDATE PACK**

Timothy Mpofo (Pension Fund Manager), presented the report and gave a summary of the key points, these included the Pension Fund's overall performance for the quarter ended 30<sup>th</sup> September 2020 and the Environment, Social and Governance (ESG) Appendix.

It was also noted that the Pension Fund Sub-Committee decided to allocate 15% of its overall investment portfolio to an active equity manager. An agreement was reached to appoint Morgan Stanley, who managed the LCIV Global Equity Sustain Fund, as the Pension Fund's new active equity manager.

At the Pension Fund Sub-Committee meeting held on 29 September 2020, the committee approved for officers to use Northern Trust's Conservative Ultra Short Fund as part of the Fund's overall cash management strategy.

The Chair asked for further clarification to be provided on a few of the higher risks included in the risk register. In response Timothy Mpofo outlined the concerns relating to the key risk categories and the mitigating actions taken by the Council.

### **RESOLVED**

That the Pension Board noted the report.

## **6. DRAFT ANNUAL REPORT 2019-20**

Timothy Mpofo (Pension Fund Manager), presented the report and gave a summary of the key points. The Pension Fund accounts 2019/20 were produced and handed to the external auditors in June 2020. The external audit was currently ongoing having started in August 2020 and the approved draft of the annual report would be shared with the external auditors as part of the audit.

Neil Newton (Co-opted Member) noted that the annual report was a comprehensive and lengthy document. He suggested that officers provided a one-page summary of all the key elements alongside the wider report to Members in the future.

The Chair asked for an explanation to be provided on the contributions made by the admitted bodies. Timothy Mpofo (Pension Fund Manager) explained that the contributions made, were relative to the number of members per admitted body and were relevant to the assets available to the Fund.

### **RESOLVED**

That the Pension Board noted the Annual Report 2019/20 for the Pension Fund and the Pension Board.

## **7. RESPONSIBLE INVESTMENT STATEMENT**

Timothy Mpofo (Pension Fund Manager), presented the report and gave a summary of the key priorities for the Council over the coming years. The purpose of the responsible investment statement was to ensure that the Pension Fund was investing responsibly. This included the integration of ESG factors as part of the

Pension Fund's investment strategy. This was in line with the Pension Fund's commitment to have its investment portfolio net zero in carbon emissions by the year 2030. The responsible investment statement was approved by the Pension Fund Sub-Committee at the meeting held on 29 September 2020.

William O'Connell (Co-opted Member) asked how the Council's carbon footprint was measured against the money invested. Timothy Mporu outlined the different ways in which the figures for carbon were estimated. This was an ongoing piece of work and reporting quality would improve over time. It was noted that by 2022 all companies would have to report how much carbon footprint they were generating.

**RESOLVED:**

That the Pension Board noted the report.

**8. SUPREME COURT DECISION ON LGPS INVESTMENT GUIDANCE**

Mathew Dawson (Treasury and Pensions), presented the report and gave a summary of the key points. This included a briefing of the recent supreme court ruling on the LGPS investment guidance and details of the potential implications for LGPS Funds. It was noted that LGPS administering authorities in England and Wales were required to follow that guidance when formulating their investment strategy statement. The guidance directed how social, environmental and governance considerations should be reviewed. It was noted that further progress updates would be brought to a future Pension Board meeting.

Members thanked Matthew Dawson for explaining the report in further detail.

**RESOLVED:**

That the Pension Board noted the report.

**9. LGPS MCCLOUD CONSULTATION**

Mathew Dawson (Treasury and Pensions), presented the report and gave a summary of the key points. The Ministry of Housing, Communities and Local Government had issued a consultation on proposals to remove age discrimination from the LGPS. This was caused by the transitional protections introduced at the time of the LGPS scheme reform, which were now considered unlawful. The proposals extend the protection to cover further members and amend how the protection works, requiring the benefits of those previously covered to be reviewed. Applying the remedy would be a significant exercise and require extra administration resources, resulting in additional cost and increasing the Fund's liabilities. The consultation closed on 8 October 2020. It was currently anticipated that revised regulations would not be in place before 2022/2023.

Members thanked Matthew Dawson and his team for providing a useful training session in September 2020, where they had received detailed updates on the McCloud consultation.

**RESOLVED:**

That the Pension Board noted the report.

**10. EXCLUSION OF THE PUBLIC AND PRESS**

The sub-committee agreed, under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

**11. EXEMPT MINUTES OF THE PREVIOUS PENSION FUND SUB-COMMITTEE**

**RESOLVED:**

That the exempt minutes of the previous Pension Fund Sub-Committee were noted.

**12. PENSIONS ADMINISTRATION UPDATE**

David Hughes (Director of Audit, Fraud, Risk and Insurance) introduced the item and the recommendations in the exempt report were approved.

Meeting started: 6:30pm  
Meeting ended: 8:00pm

**Chair** .....

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