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**MINUTES OF A MEETING OF THE
PENSIONS COMMITTEE
Zoom
1 October 2020 (7.00 - 10.45 pm)**

Present:

COUNCILLORS

Conservative Group John Crowder (Chairman), Jason Frost and Philippa Crowder (In place of Osman Dervish)

Residents' Group Stephanie Nunn

Labour Group Keith Darvill

Independent Residents Group Martin Goode

All decisions were taken with no votes against.

The Chairman reminded Members of the action to be taken in an emergency.

161 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

Apologies were received for the absence of Councillor Osman Dervish with Councillor Philippa Crowder attending as his substitute.

162 DISCLOSURE OF INTERESTS

There were no disclosures of interests.

163 MINUTES OF THE MEETING

The minutes of the meeting of the Committee held on 29 July 2020 were agreed as a correct record and, due to COVID-19, will be signed by the Chairman at a later date.

164 ADMISSION OF HARRISON CATERING TO THE LBH PENSION FUND

The Committee were asked to agree to admit Harrison Catering into the Pension Fund. The members noted that the indemnity was £12k not £55k as stated in the report. It was explained to the Committee that Harrison were already in the Pension Fund for Abbs Cross school but, as the service is for Gaynes School, they have to be admitted again. The Committee noted that it was a 3 year contract which commenced on 1st April 2020 with no new employees being added and a 35.7% contribution rate.

The Committee agreed to admit Harrison Catering into the Pension Fund.

165 PENSION FUND PERFORMANCE FOR QUARTER ENDING JUNE 2020

The report presented to the Committee provided an overview of the Fund's performance for the quarter ending 30 June 2020. The Committee noted the value as of the 30th June 2020 was £814.36million which was an increase of £84.38million since 31 March 2020. The Members noted that the Fund had recovered all the losses sustained following the pandemic declaration on the 13 March 2020 in quarter 2. The Committee noted that the whole portfolio had performed well.

Members noted the exit cap draft regulations had been published on the 8th September 2020.

The Committee:

- 1) Considered Hymans Market Background and Strategic Overview and Manager Performance Report
- 2) Considered Hymans Performance Report and views
- 3) Received presentations from the Fund's infrastructure manager J.P. Morgan
- 4) Considered the quarterly reports sent electronically, provided by each investment manager.
- 5) Noted the analysis of the cash balances

166 INVESTMENT STRATEGY UPDATE

The Committee received a report updating the members on the progress of implementing the Investment Strategy and the Equity structure review.

The Committee:

1. Noted Hymans report on the Health check of the Investment Strategy and Equity Structure Review.
2. Considered and agreed recommendations from the options outlined below:
 - i. To bring the RLAM MAC allocation to 7.5%
 - ii. To make a €20million commitment to the next generation Stafford Fund (SISF IV)
 - iii. In principle, increase the infrastructure asset allocation to 10% and explore infrastructure options provided by the LCIV.
 - iv. To retain the asset allocation to LCIV BG Global Alpha at 15% but rebalance back to 17.5% in line with the Fund's rebalancing policy

- v. To increase the strategic allocation to market-cap equity and factor-based equity from 7.5% to 10%
- vi. To replace the LGIM RAFI mandate with a multi-factor strategy and to embed a 'carbon-fit' in order to reduce exposure to climate risk
- vii. To receive training and presentations from LGIM before committing to change
- viii. To review the market-cap passive allocation in 2021 as further options are developed by the LCIV

167 LGPS AMENDMENT

The report presented advised the Committee of the LGPS amendment to statutory underpin consultation issued in July 2020. The members noted that the financial impact of removing the 10 year protection from the Pension Fund would not have a significant cost impact for the Fund. Of the Pensioners in scope 5% are expected to benefit from the proposed underpin protection changes. The Committee asked to be updated during the process of the amendment being implemented.

The Committee:

1. Noted the detail of the attached consultation and the response date being the 8 October 2020.
2. Discussed feedback for inclusion into the consultation responses.
3. Agreed to support the response submitted by the Funds Actuary and adopt the content for the Havering Pension Fund response.
4. Members delegated the approval of response to the consultation to the S151 Officer and /or the Pensions Committee Chair, if required.

168 PENSION FUND ANNUAL REPORT

The Committee received the Draft 2019/20 Pension Fund Annual Report. Members noted the document was still to be audited and needs to be published by 31st December 2020.

The Committee:

1. Agreed the Draft 2019/2020 Pension Fund Annual Report.
2. Agreed the Pension Fund Annual Report will be published electronically once finalised.
3. Authorised the Chair and the Statutory Section 151 officer to conclude the final version and sign so far as necessary, the annual report.

Chairman

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