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**MINUTES OF A MEETING OF THE
PENSIONS COMMITTEE
Town Hall, Main Road, Romford
16 March 2021 (7.30 - 9.55 pm)**

Present:

COUNCILLORS

Conservative Group	John Crowder (Chairman), Osman Dervish and Jason Frost
Residents' Group	Stephanie Nunn
Labour Group	Keith Darvill
North Havering Residents Group	Martin Goode
Upminster & Cranham Residents Group	Ron Ower

189 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

There were no apologies for absence.

190 DISCLOSURE OF INTERESTS

There were no disclosures of interest.

191 MINUTES OF THE MEETING

The minutes of the meeting of the Committee held on 12th January 2021 were otherwise agreed as a correct record and, due to COVID-19, will be signed by the Chairman at a later date.

192 ADMISSION OF MAY HARRIS INTO THE PENSION FUND

The report presented to the Committee sought approval for May Harris to be added to the Pension Fund with the transfer of 7 members of staff.

The Committee noted May Harris was awarded a contract for cleaning service for Royal Liberty and Sanders' School for a minimum of 3 years. Members noted the contract commenced on 1st January 2020 for Royal Liberty and 13th January 2020 for Sanders'. The contribution rate was set at 25.26% for Royal Liberty and 24.36% for Sanders' with the Success for All Education Trust (SFAET) acting as the guarantor.

The Committee **agreed** to admit May Harris into the Pension Fund subject to:

- a) An Admission agreement for each academy being in place with all relevant parties signing up to respective Admission Agreements, and
- b) May Harris Multi Services Ltd securing a Guarantee in an approved form from SFAET to protect the Fund in respect of each academy.

193 ADMISSION OF OLIVE DINING LTD TO THE PENSION FUND

The report presented to the Committee sought approval for Olive Dining Limited to be added to the Pension Fund with the transfer of 6 members of staff.

The Committee noted Olive Dining was awarded a contract for catering for Drapers' School for a minimum of 3 years which commenced on 1st November 2020. Members noted the indemnity level of £102,000 with a contribution rate of 41%.

The Committee **agreed** to admit Olive Dining Limited to the Pension Fund subject to:

- a) All parties signing up to an Admission Agreement, and
- b) Olive Dining Ltd securing a bond of £102,000 to protect the Pension Fund.

194 VOLUNTARY PAYS POLICY

The Committee received a report that presented to Members the policy on Voluntary Scheme Pays (VSP) for members who breach the HMRC's Annual Allowance (AA) limit for pension saving growth.

Members noted that AA limit was set at £40k per annum and if tax is occurred by savings exceeding this limit then it can be paid direct to HMRC or, alternatively, members can use the Mandatory Scheme Pays under criteria 3 to pay the AA tax. If a member does not fall under any criteria, they can request for the fund to pay the AA tax but would need approval from the Authority and would only pay tax on growth that has been made solely in the Havering Pension Fund. Members noted that any member who have an income of over £240k per annum are subject to a tapered AA which reduces the limit from £40k to £4k incrementally between £240k and £312k per annum.

The Committee **agreed** to use the VSP where:

- a) A member's pension savings within the Fund is subject to the tapered annual allowance, and
- b) The tax breach stems only from the member's London Borough of Havering Pension Fund benefits rather than via growth in multiple pension schemes, and
- c) The application is received in writing to the Fund by 30 November in the tax year following the year to which the tax charge relates.
- d) Late applications may be considered by the Head of People Transactional Services on a case by case basis.

195 FUNDING UPDATE AS AT SEPTEMBER 2020

The report presented to the Committee gave an update on the funding position of the Pension Fund.

Members noted that the funding level had decreased from 70% as at 31st March 2019 to 68.1% as at 30th September 2020 but had grown to 76% as at February 2021 with the funding plan on track.

The Committee **noted** that report and the Havering Pension Fund interim funding position update as at 30 September 2020.

196 PENSION FUND DISCRETIONS POLICY

The Committee received a report that presented the Discretions Policy for the Pension Fund.

Members noted that following guidance from the LGA the Local Authorities and Scheme Employers in the LGPS are required to formulate, publish and keep under review a statement of policy on all mandatory discretions or recommended non-mandatory discretions.

The Committee **approved** the Havering Administering Authority and Employing Authority Discretions Policies.

197 EXCLUSION OF THE PUBLIC

The Committee agreed to exclude the Public from the remainder of the meeting where appropriate on the grounds that it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during those items there would be disclosure to them of exempt information within the meaning of paragraph 1 of Schedule 12A to the Local Government Act 1972.

198 PENSIONS ADMIN REVIEW

The report presented before the Committee showed members the forecasted spend for 2020-21 for the Pensions Administration Contract held by Lancashire County Council and administered by LPPA.

Members noted that the budget for the contract stood at £504,000 and as at November 2020 the LPPA forecasted that spend for quarter 2 was £506,000 compared to the budget of £320,000, meaning an overspend of £186,000. Havering would be liable to pay 50% of the total overspend as per the service agreement.

The Committee **noted** the additional costs the Council are due to pay and **approved** the 2021-22 budget.

199 **INVESTMENT STRATEGY UPDATE**

The Committee received an update on the Investment Strategy and its implementation.

The Advisor to the Fund, Hymans, presented to the Committee the next steps and recommendations which have been highlighted from the work that has been undertaken.

The Committee **agreed** to:

- a) Increase the SISF IV commitment by €10million.
- b) Make a commitment of 2.5% of the fund's assets to the LCIV Renewable Infrastructure Fund, subject to their being no adverse issues indicated once the provision of formal advice has been given on the structure.
- c) Make further allocations to the Private Debt mandate to maintain the 7.5% asset class level. Precise amounts will be subject to agreement with Officers based on prevailing requirements of the Fund.
- d) Convert the Baillie Gifford Global Alpha fund to the Baillie Gifford Paris Aligned Global Alpha Fund, subject to there being no adverse issues indicated once due diligence has been undertaken on the strategy.

200 **PENSION FUND PERFORMANCE**

The report presented to the Committee gave an update on the Pension Fund's investment performance as at 31st December 2020.

The members noted that the fund value was £851million and had grown by 7%, outperforming its benchmarks.

The Committee:

- a) **Considered** Hymans Market Background, Strategic Overview and Manager Performance Report (Appendix A)
- b) **Considered** Hymans Performance Report and views (Appendix B Exempt)
- c) **Received** presentation from the Funds Global Property Manager CBRE (Appendix C – Exempt)
- d) **Considered** the quarterly reports sent electronically, provided by each investment manager.
- e) **Noted** the analysis of the cash balances

Chairman

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