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## **REPORT FOR: PENSION FUND COMMITTEE**

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<b>Date of Meeting:</b>	18 December 2019
<b>Subject:</b>	Pension Fund Committee – Performance Dashboard and Update on Regular Items
<b>Responsible Officer:</b>	Dawn Calvert, Director of Finance
<b>Exempt:</b>	No - except for Appendix 4 which is Exempt from publication under paragraph 3, Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Appendix 1: Investment Dashboard as at 30 September 2019 Appendix 2: Trigger Monitoring Report Appendix 3: PIRC Local Authority Pension Performance Indicators to 30 September 2019 (Exempt ) Appendix 4 Manager Monitoring Report - Executive Summary Appendix 5 Fund Value as at 30 September 2019

### **Section 1 – Summary and Recommendations**

This report updates the Committee on regular items as follows:

- Draft work programme on which the Committee's comments and agreement are requested.
- It includes a new investment and management performance dashboard

report summarising key fund performance and risk indicators and trigger monitoring report and PIRC Performance Indicators

- Fund performance to 30<sup>th</sup> September 2019
- Issues raised by Pension Board

## **Recommendation**

That, subject to any comments the Committee wish to make, the work programme for the period up to March 2020 be agreed.

Committee are invited to comment on the performance and investment dashboard report and the preferred format and presentation for future reports.

## **Section 2 – Report**

### **A. Introduction**

1. This report updates the Committee on regular items as follows:
  - Draft work programme for 2019-20 (Sub-section B)
  - Investment and Manager Performance Dashboard (Sub-section C) and Appendix 1-4
  - Fund Performance and actions for periods ended 30 September 2019 (Sub-section D) and Appendix 5 )
  - Issues raised by Pension Board (Sub-section E)

### **B Draft Work Programme 2019-20**

**Deferred – “Meet the Managers”**

**Date to be confirmed January/February**

**Investment Strategy Review Training dates to be confirmed**

**25 March 2020**

Update on regular items:

- Draft work programme for 2020-21
- Performance Dashboard 31 December 2019
- Issues raised by Pension Board
- Emerging risks

Actuarial Valuation 2019 Final Report

Pooling and London Collective Investment Vehicle

Monitoring of operational controls at managers

External Audit plan 2020-21

Training programme 2021-22

Quarterly trigger monitoring

Environmental, social and governance Issues

Training session at 5.30 – tbc

2. The Committee will have the opportunity to update this programme at every meeting but are invited to comment on the draft above and agree it at this stage.
3. In addition to the Committee's work programme training opportunities will be offered for an hour prior to each meeting.

### **C Summary Performance Dashboard for Period Ended 30 September 2019**

4. Attached as Appendix 1 is a summary investment performance dashboard which is a new performance report developed by Aon following consultation with officers, the previous Chair of Pension Fund Committee and the independent advisers. It is designed to provide summary reporting and to streamline the performance reports presented to committee.
5. The investment dashboard shows the Pension Funds estimated Investment Funding Level of 91.3% as at 30 September 2019 and the fund assets (£882m) and liabilities (£997m). This estimate is a rolled forward projection based on the March 2019 actuarial valuation when the funding level was 94.2%.
6. The estimated funding level has decreased by circa 3% since the valuation date. No de-risking actions are recommended at the current time. See Appendix 2 Trigger Monitoring Report.
7. The Fund subscribes to the performance data service provided by Pension and Investment Consultants Limited (PIRC) The PIRC performance report is attached as Appendix 3 to this report. The dashboard summarises quarter, year and 3 year performance all of which are below the fund benchmark.
8. The Dashboard includes a summary of asset allocation relative to the strategic benchmark .It also show the current allocation made to the London CIV (46.9%). and a summary of manager performance and manager rating.
9. Appendix 4 Executive Manager Monitoring Report Executive Summary reports on managers who have received the Aon qualified or in review rating. This is summarised on the dashboard 'Manager in Focus' section.

### **D Fund Performance and Valuation for Period Ended 30 September 2019**

10. Appendix 5 sets out the change in the fund market value from 31st March 2019 to 30th September 2019. The value of the Fund had increased over the quarter from £871.67m as at 30<sup>th</sup> June 2019 to £891.77m as at 30 September 2019. The value of the Fund to 31 October 2019 is also shown (£891.19m).

11. On 30 April 2019, the Fund divested in full from Aberdeen Standard Investments (£95.7m and invested £95m in the London CIV Multi Asset Credit Fund, as agreed by Committee on 12<sup>th</sup> March 2019.
12. £25m has been disinvested from Blackrock passive equities and invested in the cash account also held by Blackrock, to reduce the overweight position in equities to rebalance the strategic benchmark as previously agreed by Pension Fund Committee.

## **E Meetings of Pension Board**

13. Pension Board met on 11 July 2019 and received confirmation that there had been no reported breaches of law in the previous quarter. They received reports on fund administration performance to 30 June 2019 and reviewed the audited Pension Fund Annual Report for 2019/20. They also reviewed the membership terms of reference of the Pension Board and requested that the recruitment process for the two vacant post on Pension Board be completed.

## **Legal Implications**

- 14 The Pension Fund Committees' Terms of Reference sets out the Committee's power and duties which include:
15. To administer all matters concerning the Council's pension investments in accordance with the law and Council policy;
- 16 To establish a strategy for the disposition of the pension investment portfolio; and
17. To appoint to appoint and determine the investment managers' delegation of powers of management of the fund

## **Financial Implications**

18. There are several matters mentioned in this report, particularly asset allocation and manager performance which has significant financial implications but there are no direct financial implications arising from it as its main purpose is to provide an update on regular items.

## **Risk Management Implications**

19. The Pension Fund has a risk register which includes all the risks identified which could affect the management of the Pension Fund. There are no new emerging risks to report

## **Equalities implications / Public Sector Equality Duty**

20. Was an Equality Impact Assessment carried out? No. There are no direct equalities implications arising from this report.

## Council Priorities

21. The financial health of the Pension Fund directly affects the level of employer contribution which, in turn, affects the resources available for the Council's priorities there are no impacts arising directly from this report.

## Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 5 December 2019		

Name: David Hodge	<input checked="" type="checkbox"/>	On behalf of the Monitoring Officer
Date: 5 December 2019		

Name: Dawn Calvert	<input checked="" type="checkbox"/>	On behalf of the Corporate Director
Date: 5 December 2019		

<b>Ward Councillors notified:</b>	<b>NO</b>
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## **Section 4 - Contact Details and Background Papers**

**Contact:** Iain Millar, Treasury and Pensions Manager      0208 424 1432

**Background Papers:** None