

**LONDON BOROUGH OF ENFIELD PENSION FUND
PENSIONS POLICY AND INVESTMENT COMMITTEE**

Date: 20/7/2016

Venue: Place Shaping Room, Civic Centre

Present:

Name	Role	Email Address
Cllr. Dinah Barry (Chair) (DB)	Employer Representative	Cllr. Dinah.Barry@enfield.gov.uk
Robert Ayling (RA)	Employee Representative	Robert.Ayling@enfield.gov.uk
Pauline Kettless (PK)	Employee Representative	Pauline.Kettless@enfield.gov.uk
Cllr. Dino Lemonides(DL)	Observer	Cllr.Dino.Lemonides@enfield.gov.uk
Mark Archer (MA)	Guest Speaker from Trilogly Global Advisors International LLP	marcher@triloglyadvisors.com
Julie Barker (JB)	Officer: Head Of Exchequer Services	Julie.Barker@enfield.gov.uk
Karen Bennett (KB)	Officer: Senior Finance Officer - Pensions	Karen.Bennett@enfield.gov.uk
Nathan Glover (NG) (Part)	Officer: Web Officer	Nathan.Glover@enfield.gov.uk
Paul Reddaway (PR)	Officer: Head of Finance	Paul.Reddaway@enfield.gov.uk
Simon Eckstein (SE) (Part)	Consultant	
Chris McClean (Minutes)	MPE Officer	Chris.McCclean@enfield.gov.uk

Apologies:

Name	Role	
Paul Bishop	Employee Representative	
Eileen Carberry	Employee Representative	
Cllr. Robert Hayward	Employer Representative	
Martin Keenan	Employee Representative	

The Chair (DB) welcomed Cllr. Dino Lemonides (DL) and Mark Archer (MA), the guest speaker from Trilogly Global Advisors International.

1. Declaration of interests

Cllr. Lemonides declared that his wife was a member of the Local Government Pension Scheme.

2. Minutes of Pension Board Held 24th March 2016

The minutes were accepted as true and accurate record.

3. Responsible Investing

Mark Archer (MA) began his presentation by stating that Trilogly Global Advisors operated with an investment methodology which had an environmental, social and governmental base (ESG).

MA stated stewardship was the key factor in the management of pension funds. Corporate strategy, corporate governance and corporate culture were determining factors but Trilogly Global Advisors were also interested in non-financial factors such as the diversity of board members.

MA spoke about the upside and downside factors with portfolio management with regard to non-financial considerations. MA stated that Trilogly Global Advisors placed an emphasis on investing in renewables.

In response to a question about voting at shareholders' meetings, MA used the example of the Roche shareholders' meeting to illustrate the process adopted by Trilogly Global Advisors. MA stated that Trilogly Global Advisors used a proxy company to conduct 'tailored voting', in line with the UK corporate governance code and considerations such as the pay of the Chief Executive not being four times that of the lowest paid employee. Consideration of factors such as board diversity (in terms of the inclusion of women and BME) and environmental and social issues also played a part in any determination of 'tailored voting'.

PR asked MA if Trilogly Global Advisors had removed a company from a portfolio. MA replied that it had and that the company, Starlight, had been using funds for its own purposes.

MA told the meeting that companies are added to the portfolio like Samsung. MA stated that the addition of Samsung was due to the generational shift in policy and corporate governance which had brought the company within the scope of the Trilogly Global Advisors' selection criteria.

MA responding to a question about investing in companies dealing with fossil fuels, defence and tobacco stated that the trend had been to move away from those companies. MA stated that Trilogly Global Advisors' managed portfolios held no coal companies and expressed the belief that gas was a clean fuel.

In response to a question about the performance of a 'clean' Enfield portfolio, MA stated that between 1999 and 2008, performance would have been affected as the Chinese investment boom was at its height. MA informed the meeting that since 2008, the transformed Chinese economy and the collapse of price of oil meant that a 'clean' Enfield portfolio would perform well.

MA told the meeting that for tactical reasons BP had be brought into the Enfield portfolio.

The Chair (DB) asked MA about the BP's environmental record. MA replied that BP had learnt its lesson. The Chair (DB) asked MA how he had obtained that information. MA replied that Trilogly Global Advisors had met with BP and they were told that the company was in the process of shutting down its riskier developments. MA stated that the potential upside was that we would be buying into BP when the price was low.

MA stated that there was not going to be another boom like the Chinese one. MA told the meeting that Trilogly Global Advisors had taken the decision to invest in Ali-Baba and the Chinese version of Google.

PR asked MA why we would hold shares in companies that trade in fossil fuels, defence and tobacco. MA replied that the Enfield portfolio held no tobacco companies and that Trilogly Global Advisors did not want to tie its hands behind its back.

PR pressed MA further about having shares in companies that trading in fossil fuels, defence and tobacco. MA replied that companies trading in fossil fuels, defence and tobacco would feature less in the portfolios managed by Trilogy Global Advisors.

DL raised the subject of China's poor human rights record. MA in response stated that boycotting Chinese companies would be 'little more of a gesture.'

The Chair (DB) asked MA about the level of pressure that could be put on Chinese companies. MA replied that a trade-off was required as the companies claim to have little to do with the Chinese government.

The Chair (DB) asked MA about facilitating the ethical duties of the custodians of the pension fund and the lack of investment in renewables and whether a change in policy would change things. MA replied that there was a trend towards offshore wind turbines/farms.

MA, in response to a point made by PR about link between ethical and non-ethical investment, stated that 'the ethical approach was part of our DNA'.

The Chair (DB) asked for assurance that the checks to ensure the inclusion of minority groups on Boards was more than a box-ticking exercise since this could still result in a monoculture.

MA stated that nomination charters were sought from companies which looked at gender, race, experience, mix of background skills and objectivity. It was not a box-ticking exercise.

The Chair (DB) asked MA if he could return to address the committee, later in the year. MA replied that he would be happy to return.

PR told the meeting that he had produced a paper on pension fund investment which recognised that the Pension Board was a small voice and that it had to work with others to allow it to be heard. PR stated that in order to accomplish the goal and carry out its duty of getting the best return for pension scheme members, Enfield would be joining the pan-London holding company.

PR stated that the paper would be placed on the website.

4. Standing Item: Risk Register

PR told the meeting that the risk register would be a standing item. PR stated that any changes would be brought to board and investment committee in August and then quarterly.

PR stated that he was working with the Risk Manager to produce a chart with colour graded risk mitigation progress.

The Chair (DB) asked PR if the risk register would be fed into the corporate risk register. PR replied that it would.

The Chair (DB) asked about the highlighting and communication of risk. JB replied that the I-connect software was now being used to transfer year end payroll data to Altair and by October Enfield will use the functionality monthly. It

was planned that from April Academies and other employers would be using i-connect.

The meeting was also informed that training would be given regarding the risk assessment process.

5. Standing Item: Pension Regulator – compliance schedule

The meeting was informed that there had been no changes since the last meeting.

Action: The compliance schedule to be sent to the Chair (DB)

6. Members Self Service (MSS)

JB gave a demonstration of MSS. JB stated that it was currently being piloted in Exchequer Services. Access to MSS was via the Council website. General pension information and the link to MSS is currently only accessible via the search facility.

JB stated that MSS would allow members to have access to information about their pensions, enable them to change their personal details and provide them with interactive tools to calculate benefits based on a number of scenarios.

The Chair (DB) suggested that employee members of the board be added to the group piloting MSS

Action: Employee members of the board to be added to the group piloting the MSS.

7. Pension Fund Website

Simon Eckstein (SE), one of the consultants working on the Council website informed the meeting via a conference call, that the main Council website was being developed to be more mobile friendly. Simon informed the meeting that this approach meant that data usage was an issue.

JB told the meeting that the goal and aim of the Pension Fund Website was to be easily accessible and attractive to all potential and current members.

The meeting generally agreed that a picture led website with its implied increased data usage was the approach that the committee wanted as it would be much more likely to promote a positive reaction.

There was a discussion about whether the Pension Website needed to follow the approach of the Council website which is based on transactional processes addressing the needs of residents. .

SE stated that he needed to liaise with JB regarding the Pension Boards requirements for a Pension Website and he would attend the next Pension Board with feedback.

Action: SE to liaise with JB re: further development of the pension fund website.

The Chair (DB) told the meeting that she did not find the search option on the Council website very user friendly and that she favoured a link button to the pension fund website.

SE told the meeting that the pension fund website had not been designed as picture led as it was in line with Council policy and needs of residents.

The meeting was shown other pension fund websites which were all picture led.

SE told the meeting that he would meet with JB about building in more flexibility but there were reasons for the present structure and content of the website.

DL asked SE whether there was a need to have the pension fund website on the Council website. SE replied that a microsite might be the answer but that there would be a question mark about the amount of information on the site.

JB stated that the site would need to meet the communication requirements of the Pension Regulator and be enticing and attractive to new members.

SE stated that he would have to meet with JB to consider the structure and content of any potential microsite.

The Chair (DB) told the meeting that the preferred option was to have a microsite with picture led navigation.

Action: JB to liaise with SE and The Chair (DB) re: development of microsite with a view for submission to Enfield 2017.

JB stated that information regarding pension fund investments would need to be added to the site. PR to provide the required information.

PB stated that best practice should be looked at with reference to the creation and content of the site.

JB told the meeting that information about the board members should be added to the site.

PR stated that quarterly performance reports could be put on the site.

8. Business Plan 2016-2020

PR told the meeting that the business plan required more structure and would be influenced by input from the actuary. PR stated that the plan was awaiting scrutiny.

There was a discussion as to whether membership of the scheme had increased.

Action: An analysis of the breakdown of members to be sent to the Chair (DB)

The Chair (DB) asked if enough was being done to sell the scheme. JB stated that an induction pack about the scheme had been produced and that school employees had been invited to a meeting promoting pensions and AVC's.

JB informed the meeting that auto-enrolment would start in April 2017.

9. Training Plan 2016/17

PR informed the meeting that he had looked at the CIPFA code for training and concluded that training needed to be more structured. PR stated that Pensions Regulations website was a good source of information and that a record of training undertaken by Board members should be on the Enfield website.

Action: PR to identify the training needs of Board members.

10. External Audit Plan – BDO

The meeting was informed that BDO, the new auditors would be starting their audit in August, focussing on the first year.

The meeting was told that the auditor's comments would be submitted to the September meeting with the audit being signed off by the end of September.

11. Update on the London CIV response to consultation

PR informed the meeting that Bromley had joined the London CIV. PR stated that Enfield would be transferring £36 million as the make-up of the Enfield fund affected the amount of funds that could be released.

PR stated that the London CIV allowed the concept of larger funding leading to lower costs to be facilitated.

PR told the meeting that he was one of the technical officers and that Cllr. Simon was on the Board.

12. Investment Update

PR told the meeting that the fund was doing well as such funds tended to do well in periods of crisis.

Action: PR to supply the figures to Board members.

PR informed the meeting that the only area affected by Brexit was property as the fund was well diversified.

PR stated that a look at the figure in September would provide a better picture.