



# AGENDA

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## PENSIONS INVESTMENT COMMITTEE

**Date: WEDNESDAY, 17 FEBRUARY 2021 at 7.00 pm**

**Venue: Virtual Meeting**  
**Enquiries to: Claudette Minott**  
**Telephone: 0208 314 3417 (direct line)**  
**Email: claudette.minott@lewisham.gov.uk**

### COUNCILLORS

Councillor Mark Ingleby (Chair)  
Councillor Louise Krupski (Vice-Chair)  
Councillor Chris Best  
Councillor Paul Maslin  
Councillor Patrick Codd  
Councillor John Muldoon  
Councillor Caroline Kalu  
Councillor Stephen Penfold

### Observers

### Independent

### Officers

Robert Browning, Principal Accountant –  
Treasury & Pensions  
David Austin, Acting Chief Finance Officer

**Members are summoned to attend this meeting**

**Kim Wright**  
**Chief Executive**  
**Lewisham Town Hall**  
**Catford**  
**London SE6 4RU**  
**Date: Tuesday, 9 February 2021**



INVESTOR IN PEOPLE

The public are welcome to attend our committee meetings, however occasionally committees may have to consider some business in private. Copies of reports can be made available in additional formats on request.

## ORDER OF BUSINESS – PART 1 AGENDA

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# Agenda Item 1

PENSIONS INVESTMENT COMMITTEE		
Report Title	DECLARATIONS OF INTERESTS	
Key Decision	No	Item No. 1
Ward		
Contributors	CHIEF EXECUTIVE	
Class	Part 1	Date: 17 February 2021

## Declaration of interests

Members are asked to declare any personal interest they have in any item on the agenda.

## Personal interests

There are two types of personal interest:-

- (a) an interest which you must enter in the Register of Members' Interests\*
- (b) an interest where the wellbeing or financial position of you, (or a "relevant person") is likely to be affected by a matter more than it would affect the majority of inhabitants of the ward or electoral division affected by the decision.

\*Full details of registerable interests appear on the Council's website.

("Relevant" person includes you, a member of your family, a close associate, and their employer, a firm in which they are a partner, a company where they are a director, any body in which they have securities with a nominal value of £25,000 and (i) any body of which they are a member, or in a position of general control or management to which they were appointed or nominated by the Council, and (ii) any body exercising functions of a public nature, or directed to charitable purposes or one of whose principal purpose includes the influence of public opinion or policy, including any trade union or political party) where they hold a position of general management or control,

If you have a personal interest you must declare the nature and extent of it before the matter is discussed or as soon as it becomes apparent, except in limited circumstances. Even if the interest is in the Register of Interests, you must declare it in meetings where matters relating to it are under discussion, unless an exemption applies.

## Exemptions to the need to declare personal interest to the meeting

You do not need to declare a personal interest where it arises solely from membership of, or position of control or management on:

- (a) any other body to which you were appointed or nominated by the Council
- (b) any other body exercising functions of a public nature.

In these exceptional cases, unless your interest is also prejudicial, you only need to declare your interest if and when you speak on the matter.

### **Sensitive information**

If the entry of a personal interest in the Register of Interests would lead to the disclosure of information whose availability for inspection creates or is likely to create a serious risk of violence to you or a person living with you, the interest need not be entered in the Register of Interests, provided the Monitoring Officer accepts that the information is sensitive. Where this is the case, if such an interest arises at a meeting, it must be declared but you need not disclose the sensitive information.

### **Prejudicial interests**

Your personal interest will also be prejudicial if all of the following conditions are met:

- (a) it does not fall into an exempt category (see below)
- (b) the matter affects either your financial interests or relates to regulatory matters - the determining of any consent, approval, licence, permission or registration
- (c) a member of the public who knows the relevant facts would reasonably think your personal interest so significant that it is likely to prejudice your judgement of the public interest.

### **Categories exempt from being prejudicial interest**

- (a) Housing – holding a tenancy or lease with the Council unless the matter relates to your particular tenancy or lease; (subject to arrears exception)
- (b) School meals, school transport and travelling expenses; if you are a parent or guardian of a child in full time education, or a school governor unless the matter relates particularly to the school your child attends or of which you are a governor;
- (c) Statutory sick pay; if you are in receipt
- (d) Allowances, payment or indemnity for members
- (e) Ceremonial honours for members
- (f) Setting Council Tax or precept (subject to arrears exception)

### **Effect of having a prejudicial interest**

If your personal interest is also prejudicial, you must not speak on the matter. Subject to the exception below, you must leave the room when it is being discussed and not seek to influence the decision improperly in any way.

### **Exception**

The exception to this general rule applies to allow a member to act as a community advocate notwithstanding the existence of a prejudicial interest. It only applies where members of the public also have a right to attend to make representation, give evidence or answer questions about the matter. Where this is the case, the member with a prejudicial interest may also attend the meeting for that purpose. However the member must still declare the prejudicial interest, and must leave the room once they

have finished making representations, or when the meeting decides they have finished, if that is earlier. The member cannot vote on the matter, nor remain in the public gallery to observe the vote.

### **Prejudicial interests and overview and scrutiny**

In addition, members also have a prejudicial interest in any matter before an Overview and Scrutiny body where the business relates to a decision by the Executive or by a committee or sub committee of the Council if at the time the decision was made the member was on the Executive/Council committee or sub-committee and was present when the decision was taken. In short, members are not allowed to scrutinise decisions to which they were party.

# Agenda Item 2

PENSIONS INVESTMENT COMMITTEE		
<b>Report Title</b>	MINUTES	
<b>Key Decision</b>	No	<b>Item No. 2</b>
<b>Ward</b>	All	
<b>Contributors</b>	CHIEF EXECUTIVE	
<b>Class</b>	Part 1	<b>Date:</b> 17 February 2021

## Recommendation

That the Minutes of the meeting of the Committee, held on 1 October 2020 be confirmed and signed.

# MINUTES OF THE PENSIONS INVESTMENT COMMITTEE

Thursday 1 October 2020 at 7.05 pm

Present: Councillor Ingleby (Chair), Councillor Krupski (Vice-Chair), Councillor Best, Councillor Kalu, Councillor Maslin, Councillor Muldoon and Councillor Penfold.

Also present: Steven Law (Actuary, Hymans Robertson), Nick Jellema (Senior Investment Consultant, Hymans Robertson), Sean Lintott-White (Investment Analyst, Hymans Robertson), David Austin (Acting Chief Finance Officer), Robert Browning (Principal Accountant), Stephanie Fleck (Principal Solicitor), Claudette Minott (Clerk).

Apologies: Councillor Codd.

## 1. Declarations of Interest

Councillor Ingleby (Chair), declared a personal interest as a Councillor elected Director of Lewisham Homes not in receipt of pension.

Councillor Kalu declared a personal interest as a board member of Lewisham Homes.

Councillor Muldoon declared a personal non pecuniary interest that he had a client opposite a site that he had visited, that was connected to the Residential Property Procurement report (item 8).

## 2. Minutes

RESOLVED that the minutes of the meeting of the Pensions Investment Committee held on 23 July 2020 be confirmed and signed as a true record.

## 3. Exclusion of the Press and Public

RESOLVED that under that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting during discussion of this item because it involves the likely disclosure of exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Act as set out below and the public interest in maintaining the exemption outweighs the public interest in disclosing the information:-

4. Private Minutes
5. Actuarial Update
6. Quarterly Performance Update
7. General Update
8. Residential Property Procurement

## 4. Private Minutes

The minutes of the last meeting to be amended as below:

On page:

- 11, the reference to 'Southwark' to be removed.

- 15, the reference to '31 November' to be amended to '30 November'.

RESOLVED that the minutes of the meeting of the Pensions Investment Committee held on 23 July 2020 be confirmed and signed as a true record

## **5. Actuarial Update**

The report was presented by Hymans Robertson who advised the Committee of funding and administration issues raised by regulatory changes following the: McCloud judgement with regard to transitional protections from the 2008 LGPS final salary scheme; cost management valuations for 2016 and 2020; consultation on the £95k exit payment cap; and the Goodwin ruling regarding equality of survivor benefits.

It was advised that the Fund's actuary expected the impact of the McCloud case, to add approximately 0.9% to the value of overall Fund liabilities, or around £15m at current valuations. However, the impact at individual employer level would be far greater, some employers would see liabilities increase by as much as 5-10%. The impact of the Goodwin case was expected to increase Lewisham's liabilities by 0.3%, or around £5m at current valuations. However, as with McCloud, allowances were made for the Goodwin changes in the 2019 triennial valuation, and as such the impact on funding and employer contribution rates would be negligible.

Following Members questions, Hymans advised that ill-health did not form part of the criteria for early retirement. The estimated cost of administration was discussed and it was advised that the first step would be to assess the size of the project, as there would be substantial costs, which would be of interest to the Pensions Board. It was agreed that the Pensions Investment Committee would receive an update on cost implications at the next Committee meeting.

RESOLVED that the report be noted.

## **6. Quarterly Performance Update**

The report was presented by Hymans Robertson. The Hymans Robertson quarterly performance report appended to this report covered: the value of the Fund's assets and movements over the quarter to 30 June 2020; a performance summary of each manager over the quarter; and an assessment of the fund managers and any recommendations for the next quarter.

RESOLVED that the report be noted.

## **7. General Update**

The report was presented by Hymans Robertson who provided an update on a number of general pension related issues from the previous quarter relevant to the Fund. This included an update on the London CIV (LCIV), the progress of the implementation of the investment strategy and, training opportunities.

Officers confirmed that a verbal update would be provided at the November 2020 meeting with regard to the performance of the Fund to cover the period up to the end of September 2020.

Following Member enquiries, Hymans informed the Committee that the Cash Plus Benchmarks for the DGF, and Private Debt mandates was an important consideration when assessing the performance of managers. It was advised that fund managers expected that over the funds full term of 3 years, cash plus a 4-5% return would be expected from the DGF and Private Debt investments. Members were advised there would be periods of under or outperformance when assessing short-term performance periods of less than 3 years.

Hymans informed the Committee that they had reviewed their highly-rated Private Debt managers over the March, April and May period and concluded that fund manager Pemberton held a resilient, non-cyclical portfolio of loans.

RESOLVED that the report be noted.

## **8. Residential Property Procurement**

The report was presented by Hymans Robertson. The report outlined and followed on discussions from previous Committee meetings where the new Investment Strategy was agreed following the 2019 triennial valuation, and discussions on its implementation have led to follow-up considerations regarding residential property as an alternative to Environmental, Social and Governance (ESG) credit, as part of the Fund's target allocation to income generating assets. The report presents a number of recommendations for Members to consider in agreeing a route forward for the procurement of a residential property fund. The report was supplemented with verbal commentary provided by the Fund's advisers. Following Members' enquiries, Hymans advised that broader residential property funds had been in existence for 6-8 years, and by comparison niche, co-living investment funds were currently in their infancy. Members were advised to opt for long-running established residential property funds, as these would give greater confidence of delivering the returns required.

Following recommendations made to Members, the Committee agreed to:

- Hold a short residential property training session immediately before the Committee meeting on 30 November 2020;
- Pursue the procurement of a residential property fund outside of the pooling regime, having considered the alternatives offered by the London Collective Investment Vehicle (LCIV);
- Proceed with an investment in a Private Rented Sector (PRS) fund, having agreed to recommendation 2; and
- Choose its preferred method of procurement and instruct the Fund's advisers accordingly.

RESOLVED that the report be noted.

The meeting ended at 8.56 pm

# Agenda Item 3

PENSION INVESTMENT COMMITTEE		
<b>Report Title</b>	Exclusion of the Press and Public	
<b>Key Decision</b>		Item No. 3
<b>Ward</b>		
<b>Contributors</b>	Chief Executive	
<b>Class</b>	Part 2	Date: 1 October 2020

## Recommendation

It is recommended that under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 3, 4 and 5 of Part 1 of Schedule 12(A) of the Act, as amended by the Local Authorities (Executive Arrangements) (Access to Information) (Amendments) (England) Regulations 2006:-

4. Private Minutes
5. Actuarial Update
6. Quarterly Performance Update
7. General Update
8. Residential Property Procurement

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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# Agenda Item 6

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