

PENSIONS INVESTMENT COMMITTEE

Thursday 9 February 2023 at 7pm

Present: Councillor Eiles, Councillor Ingleby, Councillor Krupski, Councillor Best, Councillor Muldoon, Councillor Royston, Councillor Jackson

Also Present: Chris Flower, Katharine Nidd and Sarah Assibey (Clerk)

1. Minutes

The Minutes of the last meeting were agreed.

2. Declarations of interest

No interests were declared.

3. General Update Report 1

- 3.1. The report was presented by the Head of Financial Strategy, Planning and Commercial. The recommendations were to agree and note the contents of the report; note the changes to the statement of accounts; note that Council had delegated the section 151 officer for the approval of the final statement of accounts; and agree the Chair will, in consultation with officers, agree the final pension fund annual report; agree officers proceed with the procurement of actuarial advisory services using the national framework for LGPS procurement and delegate to Executive Director for Corporate Resources the relevant support contracts.
- 3.2. The draft accounts were presented to the Committee at the November meeting at which point the external audit had just begun and it was agreed at Council that the delegation for the approval of the accounts would go to the section 151 officer.
- 3.3. The following changes to the Pension Fund were discussed- 1) a £2.5m change to the valuation of fund as outlined in the report 2) the audit is almost complete and noted by Council.
- 3.4. Retendering of actuarial services work is ready to begin as the triennial valuation has concluded. The officer outlined the 3 options discussed in the report: for the Council to procuring itself or to use well- established framework. For the Council to procure the work itself would be resource intensive and would not provide better results. It was advised that using the LGPS national framework would allow a 7 year contract of which the Council would be able to leave if unsatisfied with the services; the recommendation to committee was to agree to use the frameworks.
- 3.5. The presenting officer stated to the Committee that the draft response to the investor belief statement states that the Fund believes it is necessary to set a net zero emissions target. She said that work on carbon baseline should begin by the

end of the financial year and likely run until May. It was recommended by officers that Members undertake a workshop on net-zero considerations in May.

- 3.6. Discussing the work of pension board, it was said that there had been some strong engagement from Members, officers and the Chair. The Board has replaced the board member who left with the Director of People and Organisational Development.
- 3.7. A member highlighted an article which spoke of a significant number pension board members who had withdrawn from their pension. The officer responded that membership has not fallen by those numbers. The programme of the Pension Board is different- it covers the full scope of the organisation with a focus on policies and strategies which are reviewed regularly as well as work like an audit of compliance and the work programme. The officer stated that it is tied around the work of PIC.
- 3.8. The next section discussed was on training. The report highlighted the general training available to Members and recurred the recommended net-zero workshop training. Additional training session will be highlighted to Members as they come about.
- 3.9. The financial implications spoke to the anticipated procurement of advisory actuarial services.
- 3.10. RESOLVED that all recommendations be agreed.

4. Investor Beliefs Statement

- 4.1. The paper was presented by the HFSPC and provided the Committee with an update on the draft Investor Beliefs Statement. 14 points were drafted by Hymans. Members felt generally that the statements captured their points and discussions from previous Committee meetings well.
- 4.2. RESOLVED by Members to adopt the Investor Beliefs statement.

5. Exclusion of Press and Public

- 5.1. It was 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:-

6. Meet the Manager Session: Schroders
7. Quarterly Investment Performance Report
8. Funding Strategy Statement
9. General Update Report

5.2. The Committee were asked to review and agree to the Exclusion of the Press and Public Notice, in order for the meeting to move into the Part 2, closed session.

5.3. RESOLVED that the Exclusion of the Press and Public Notice be agreed by the Committee and the meeting then moved into the Part 2, closed session.

6. Meet the manager Session: Schroders

6.1. Schroders gave a presentation highlighting: Managing Lewisham mandate; ESG factors; Inflation; Retail; and mitigating risk.

6.2. Following the presentation Members, alongside Hymans Robertson, asked questions that were answered by Schroders.

6.3. RESOLVED that the report be noted.

7. Quarterly investment reports

7.1. Hymans presented a quarterly investment update. Some points in the discussion that were raised included: state of US dollar against the GBP and its affect on LBL and Labour market participation.

7.2. Members had no questions.

7.3. RESOLVED that the report be noted.

8. Funding Strategy Statement

8.1. The HFSPC introduced the report. Hymans highlighted the main points from the report in the discussion: 2022 Actuarial Valuation and Funding Strategy Statement; the Valuation Process; Fund Results; and the Actuarial Report (which includes the Rates & Adjustment Certificate) for publication by 31 March 2023;

8.2. RESOLVED Members noted, reviewed and commented on the Funding Strategy Statement.

8.3. RESOLVED it was agreed to delegate to the Finance Director to approve any minor changes that are required to reflect feedback from the consultation process and to publish the Funding Strategy Statement by 31 March 2023.

9. General Update 2.

9.1. In Part 2 of the General Update Report, Members were asked to review and note the contents of the report. The HFSPC drew particular attention to the LCIV Renewable Infrastructure fund note in the report.

9.2. It was agreed to bring back a report on an analysis on the shareholder's agreement* (section 7)

9.3. RESOLVED that the report be noted.

The meeting finished 9.13pm