

# MINUTES OF THE PENSIONS INVESTMENT COMMITTEE

Thursday 8 June 2023 at 7pm

## Members Present:

**In Person:** Councillor Eiles (Chair), Councillor Ingleby (Vice-Chair), Cllr Jackson, Cllr Muldoon, Cllr Royston, Cllr Shrivastav.

**Present Remotely:** Councillor Chris Best

**NB:** Those Councillors listed as joining virtually were not in attendance for the purposes of the meeting being quorate, any decisions taken, or to satisfy the requirements of S85 Local Government Act 1972.

**Also present:** Nick Jellema (Hymans Robertson (Hymans)), Ross MacLeod (Hymans Robertson (Hymans)), Mhairi Gooch (Hymans Robertson (Hymans)), Gilly Zimmer (JP Morgan), Jacqueline Jackson (London CIV), Maisy Salisbury (JP Morgan), Megan Hewitt (JP Morgan), Catherine Duncan (JP Morgan), Richard Bannister (JP Morgan), Vanessa Shia (London CIV (LCIV)), Harry Lamprinopoulos (London CIV (LCIV)), Sahil Arora (London CIV (LCIV)), David Austin (Director of Finance (DF)), Kathy Freeman (Executive Director Corporate Resources (EDCR)), Katharine Nidd (Head of Financial Strategy, Planning and Commercial (HFSPC)), Chris Flower (Treasury and Investments Manager), Sarah Assibey (Committee Officer), Hajera Khan (Committee Officer).

## Present Remotely:

**Apologies:** N/A

It was MOVED, SECONDED and AGREED that Councillor Eiles be nominated as Chair of this Committee, and Councillor Ingleby as Vice Chair.

### 1. Minutes

The Minutes of the last meeting were agreed.

### 2. Declarations of Interest

None

### 3. General Update

The Committee were asked to note the contents of the report, the Investment Strategy Statement, which was last reviewed in 2022; it had been updated but with no with significant changes.

The Committee were asked to:

1. review and note the contents of the report;
2. note the current position regarding the Statement of Accounts 2021/22;
3. note the publication of the Funding Strategy Statement;
4. note and approve the updated Investment Strategy Statement;
5. note the Climate Metrics Analysis

RESOLVED that the Committee agreed the recommendations.

#### **4. Pension Fund Business Plan**

The Committee received the report relating to the Draft Annual Pension Fund Business Plan for the year 2023/24, with recommendation to review and agree the Annual Business Plan.

RESOLVED that the Committee agreed the Pension Fund Business Plan.

#### **5. Pass Through Policy**

The Head of Financial Strategy, Planning and Commercial Officer introduced the Pass Through Policy, highlighting the Council's pension benefits that were the same, or broadly comparable to, the Local Government Pension Scheme (Best Value Authorities Staff Transfer (Pensions) Direction 2007).

Members were advised that under these agreements, the Council would agree to cover some of the pension risks that would have transferred to the contractor under the traditional approach.

The Committee were asked to

1. Consider and approve the attached Pass Through Policy;
2. Delegate to the Executive Director of Corporate Resources the implementation and operation of the Policy as the Scheme Employer;

RESOLVED that the Committee agreed the recommendations.

#### **7. Meet the Manager: Infrastructure (JP Morgan)**

Nick Jellema (Hymans Robertson (Hymans)), Gilly Zimmer (JP Morgan) and Richard Bannister (JP Morgan) gave an illustrative presentation of the report to the Committee.

The Committee noted discussions and responses to questions raised relating to Hymans and JP Morgan's operations, analysis, fund manager ratings, inflation, carbon footprint, renewable energy, sustainability, risks, and specific investment products.

RESOLVED that the report be noted.

6. Exclusion of 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:-

7. Meet the Manager: Infrastructure (JP Morgan)
8. Meet the Manager LCIV (Renewable Infrastructure)
9. Quarterly Investment Monitoring
10. Climate Risk Analysis
11. Net Zero Pathway
12. General Update (Part Two)
13. Risk Register

7. **Meet the Manager: Infrastructure (JP Morgan)**

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RESOLVED that the report be noted.

8. Meet the Manager LCIV (Renewable Infrastructure)

The Committee received a presentation from the representatives of the London Collective Investment Vehicle (LCIV), relating to the status and timeline for investing funds and the income target.

The Committee also noted updates of the renewable investments and the global nature of the underlying funds, which are well-diversified by region

(including UK, Europe, US, Asia-Pacific and Latin America). Members asked questions that were answered by LCIV.

RESOLVED that the report be noted.

#### **9. Quarterly Investment Monitoring**

The Committee received and noted a report presented by the Head of Financial Strategy, Planning and Commercial Officer Relating to the performance of private equity for the previous financial years.

RESOLVED that the report be noted.

#### **10. Climate Risk Analysis**

The Committee received a report presented by the representatives of Hymans Robertson relating to carbon emissions and climate metrics.

In response to questions raised by the Committee, the representatives gave further details on corporate bonds and the Lewisham Fund.

RESOLVED that the report be noted.

#### **11. Net Zero Pathway and draft Net Zero Policy**

The Head of Financial Strategy, Planning and Commercial Officer introduced a report to the Committee on the climate risk analysis and the Fund's projected emissions pathways for its listed assets.

Following a summary of the conclusions noted in the report, Hymans Roberson gave additional information to the Committee on the One Earth Climate Model, and how information from external organisations fed into the analysis contained within the Fund's report.

In discussing the contents of the report, the Committee noted responses to questions by representatives of Hymans Roberson, and the Head of Financial Strategy, Planning and Commercial Officer and agreed that members should meet remotely in August at a date to be agreed, to review and discuss the proposed net zero policy (a draft version of which was discussed at this meeting).

RESOLVED that the report be noted.

#### **12. General Update (Part Two)**

The Committee received and noted a report pertaining to general pension related matters in the last quarterly period, and agreed to delegate the signing and revision of agreement relating to the Legal and General Investment Management Fund to the Director of Finance.

The Committee are asked to:

1. Review and note the contents of the report;
2. Delegation the signing the revised fund agreement for LGIM fund to the Director of Finance.

RESOLVED that the Committee agreed the recommendations.

### **13. Risk Register**

The Committee received an update report relating to the monitoring of risk pertaining to the Pension Fund, and changes to the Funds Risk Register since the previous review in November 2022.

In considering the report, the Committee noted updates on several general pension related matters ranging from transfers of passive equity, inflation, and resources of the investment team.

RESOLVED that the report and the Risk Register was reviewed and noted.

The meeting closed at 22:02