

MINUTES OF THE PENSIONS INVESTMENT COMMITTEE

Thursday, 16 November 2023 at 7.00 pm

PRESENT: Councillor Eiles (Chair), and Councillors Chris Best, Mark Ingleby, Louise Krupski and James Royston.

OFFICERS PRESENT AT THE MEETING: Head of Financial Strategy, Planning and Commercial, Treasury and Investments Manager, and Committee Officer.

OFFICERS PRESENT REMOVELY: Director of Finance (Acting)

EXTERNAL REPRESENTATION IN PERSON: Ross MacLeod – from Hymans Robertson

EXTERNAL REPRESENTATION REMOTELY: Nick Jellema – from Hymans Robertson; also, Lauren Juliff (Storebrand).

Apologies for absence were received from Councillor Mark Jackson, Councillor John Muldoon, and Councillor Liam Shrivastava.

1. Minutes

RESOLVED

That the minutes of Meeting of the Committee held 7 September 2023, be confirmed, and signed as an accurate record.

2. Declarations of Interest

No interest was declared at the meeting.

3. Pension Fund Annual Report and Account 2022/23

The Head of Financial Strategy, Planning and Commercial presented the report to the Committee in relation to the Pension Fund Annual Report and Account 2022/23.

The Committee noted the report, and that the External auditors would complete the audit by the end of November 2023 and that a draft report on that would be presented to full Council with the annual statement of accounts on 22 November 2023.

The Officer concluded that as part of the process, the draft Annual Report and Accounts report would be published on the 1 December 2023 to meet the statutory deadline, but that the final version would be brought back to the Committee prior to its publication.

Action:

Officers to expand on abbreviations and attach to final Annual report and Accounts.

RESOLVED

1. That the Pension Fund Draft Annual Report for publication by the 1 December 2023, be approved.
2. That any amendments or adjustments to the statement of accounts (and therefore the Annual Report) be brought back to the Committee following the completion of the external audit.

4. General Update - Part One

The Head of Financial Strategy, Planning and Commercial (HFSPC) gave an update to the Committee on the following matters:

(a) Risk Register

The meeting was advised that since the Committee reviewed the Risk Register in June 2023:

- One score on a risk had improved.
- Two risks scores had not improved.
- Nine risks reached their target scores.
- There were seven amber lights against risks in the scoreboard, but the remaining twenty-nine were either light green or green.

In response to a question, the Director of Finance advised the Committee that because of the volatility in the markets, there had been fluctuations in the score ratings since the last valuation was report. Thus, although there was scope to apply a flexible approach when assessing funding risks, officers were taking a cautious approach and had been in discussions with members on the matter.

Action:

Officers to provide further information on risks relating cyber threats for considering at the next meeting.

(b) Pension Board Updates

The meeting noted the following:

- That Mark Booker, a Pensions Manager at Change Live Grow, joined the Council as a new member of its Pension Board in November 2023.
- That following discussions and endorsement by the Chair of the Pension Board, its members had agreed a work programme for the year. It was stated that the programme would be subjected to quarterly monitoring by the Pension Board in terms of expectations.

(c) Training

The meeting noted that officers had been working with Hyman Robertson to plan future training sessions, with the expectation that the first session would include issues relating to Natural Capital.

Action:
Officers to circulate training dates to the Committee once confirmed.

RESOLVED

That the General Update Report be noted.

5. Net Zero Policy Cover Report

The Committee noted the following background information as an introduction to the report:

- That in reviewing the performance of the Council's Pension Fund's investment mandates in June 2023, Members considered the Baseline results of what had been achieved and the Net Zero Pathway in relation to likely outcome of the current investment decisions.
- That from those discussions in June 2023, Members recommended that additional time was necessary to comment on the setting of a Net Zero Policy.

The Chair, Councillor Sian Eiles, confirmed suggestions from Members' discussion in the June 2023 meeting led to the organisation of a workshop in August 2023 to discuss the setting of a Net Zero Policy, and a follow-up discussion item on the matter at the September 2023 meeting of the Committee.

Councillor Eiles stated that suggestions from the workshop in August 2023 and the subsequent meeting in September 2023 had been useful in the revision of draft Zero Policy and, on behalf of the Committee, she expressed an appreciation to everyone who contributed to that work.

The meeting was subsequently addressed by Ross MacLeod, a representative from Hymans Roberson on the 4 key elements of the Net Zero Policy, namely, portfolio emissions, climate solutions and opportunities, alignment track, and engagement with fund managers.

The Committee noted the report, together with expectations for each of the elements:

- (a) Portfolio emissions – 2024 expected outcomes:
 - To assess progress of financed emissions towards net zero.
 - To assess progress of Scope 1 and 2 emissions reduction.
 - To develop understanding of Scope 3 and 4 emissions and consider setting targets.
 - To increase coverage of Scope 1,2,3,4 emissions reporting across all asset classes.
- (b) Climate solutions and opportunities – 2024 expected outcomes:
 - To better understand the climate solution investments within the JP Morgan infra and Storebrand equity mandates.
 - To proactively involve with London Collective Investment Vehicle (LCIV) Natural Capital Sub Investment Grade (SIG) and consider potential commitment.
 - To consider top-up commitment to LCIV Renewables.
- (c) Alignment track – 2024 expected outcomes:
 - To reassess alignment of listed targets – set assets to pathway.
 - To assess alignment of property mandate.
 - To assess % of portfolio - aligned or subject to engagement.
- (d) Engagement
 - To finalise and publish engagement policy.
 - To understand managers' approach and seek to influence that.
 - To understand LCIV's approach to Net Zero alignment and seek to influence that.

RESOLVED that the report on Net Zero Policy be noted.

6. Any Other Business

There was no other business for consideration in the open session at the meeting.

7. Exclusion of Press and Public

In considering recommendation made under Section 100(A)(4) of the Local Government Act 1972, the Committee noted the following submission:

- That the press and public would be excluded from the meeting for the following items 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:

Item 8. Quarterly Investment Monitoring Cover Report

Item 9. Meet the Manager – Storebrand

Item 10. General Update – Part Two

Item 11. Net Zero Draft Action Plan.

- 8. Quarterly Investment Monitoring Cover Report – considered in closed session.**
- 9. Meet the Manager – Storebrand – considered in closed session.**
- 10. General Update - Part Two – considered in closed session.**
- 11. Net Zero Draft Action Plan – considered in closed session.**
- 12. Date of Next Meeting**

The Committee noted that the date of the next meeting will be held on 22 February 2024.

- 13. Any Other Business**

There was no other business for consideration in the closed session at the meeting.

The meeting closed at 9.31pm

Chair