

# MINUTES OF THE PENSIONS INVESTMENT COMMITTEE

Thursday, 19 September 2024 at 7.00 pm

PRESENT: Councillor Eiles (Chair), Mark Ingleby, James Royston, John Muldoon, Liam Shrivastava and Tauseef Anwar.

MEMBERS PRESENT REMOTELY: Cllr Louise Krupski.

OFFICERS PRESENT AT THE MEETING: Katharine Nidd - Director of Finance, Chris Flower - Treasury and Investments Manager and Samanta Federico - Committee Officer.

EXTERNAL REPRESENTATION IN PERSON: Ross MacLeod and Nick Jellema – both Hymans Robertson.

EXTERNAL REPRESENTATION REMOTELY: Will Relle, Megan Beecher and Paul Reynolds – all HarbourVest.

No apologies were received.

## Election of Chair and Vice Chair

Councillor Ingleby MOVED, Councillor Royston SECONDED and it was RESOLVED that Councillor Sian Eiles be elected as Chair for 2024/25.

Councillor Anwar MOVED, Councillor Shrivastava SECONDED and it was RESOLVED that Councillor Mark Ingleby be elected as Vice Chair for 2024/25.

### 1. Minutes

RESOLVED

That the minutes of the last meeting held on 16 November 2023, be confirmed and signed as an accurate record.

### 2. Declarations of Interest

No interest was declared at the meeting.

### 3. General Update - Part One

The Director of Finance presented the report and gave an update to the Committee on the following matters:

- (a) Pension Fund Annual Report and Accounts 2023/24

The Committee noted that the Lewisham Pension Fund Draft Accounts for 2023/24 had been published in June 2024 and that the main audit work would be carried out by the new auditors, KPMG, in September and October 2024.

The Officer concluded that as part of the process, the Annual Report 2023/24 would be published by 1 December 2024 to meet the statutory deadline, but that the final version of the report, including the draft Pension Fund Accounts would be brought back to the Committee on 20 November 2024 prior to its publication.

(b) Storebrand pre-declaration of voting

The Committee was notified that Storebrand had moved to a pre-declaration of voting. This change was in line with the Engagement Policy and represented a positive step towards a greater engagement of the Committee with Funds Managers.

(c) LCIV Shareholder Representative

The Officer confirmed that the London Collective Investment Vehicle (LCIV) Shareholder Representative for Lewisham for 2024/25 was the Chair of the Committee, with the Vice Chair as an alternative representative.

(d) The Pension Regulator General Code of Practice 2024

The Committee noted the introduction of the revised General Code of Practice in March 2024 and the recent legislative changes for trustees and managers of occupational pension schemes. Officers had been working with Hyman Robertson to provide training and ensure that the changes would be implemented by the recommended deadline in 2024-25. An update on the matter would be brought to the November 2024 meeting of the Committee.

(e) Risk Register

The meeting was advised that since the Committee had last reviewed the Risk Register in November 2023, some of the risk scores had changed as follows:

- Funding Risk (AI 01) score decreased from 15 to 12.
- Concentration Risk (AI 02) score remained at 6; however, the target score increased from 4 to 6.
- Environmental, Social and Governance (ESG) Risk (AI 07) increased from 6 to 9.
- Financial Risk (EM01) score decreased from 9 to 6.
- Inadequate Staffing (RS 01) score decreased from 8 to 6.
- Fraud or Fraudulent Behaviour (AG 09) score decreased from 6 to 3.
- Non-compliance Risk – Other (RC 02) score decreased from 9 to 6.

In response to concerns raised by some Members regarding ESG risk and the possibility of Pension Funds being invested with organisations involved in war activities, the Director of Finance confirmed that Funds and Funds Managers were operating legally within their legislative and regulatory frameworks. She also clarified that, in line with the Investment Strategy Statement and its appendix, the Responsible Investment Beliefs Statement, any council's mandates or investments would be subjected to exclusions and discretionary exclusions i.e., arms, ammunitions, alcohol and tobacco were some of the exclusions applied by some Fund Managers.

The Director of Finance advised the Committee that the class of share held in the LCIV PEPPA fund had to be changed to a distribution class to help with cash flow. The change was driven by the pressure of the fund to maintain liquidity when the cost of pension payments exceeded contributions income.

The Chair, Councillor Sian Eiles, reminded Members that the Committee would be reviewing the Engagement Strategy Policy in the next few months and encouraged them to get involved as their participation would be key to driving changes.

The Committee RESOLVED to note the content of the report including the following:

- Storebrand pre-declaration of voting.
- The appointment of the Chair as the LCIV Shareholder Representative and the Vice Chair as the alternative.
- The content of the risk register.
- The business plan for 2024/25.

#### **4. Any Other Business**

Councillor Anwar presented a proposal which was supported by Councillor Shrivastava and then amended in response to comments from Members. The proposal in its revised state was worded as follows:

The Pension Investment Committee agrees to explore its proximity, exposure and investment companies involved in:

- The arms trade;
- Any company associated with or whose activities facilitate human rights abuse;
- Any companies who operate within an area considered occupied territory under international law

with a view to review and update its Responsible Investment policy, to move away from such investments and, to agree on a definition of arms trade.

Given the complex nature of the topic, the Committee concluded that an in-depth discussion on the matter should take place in a workshop setting with the Monitoring Officer present, prior to the next PIC meeting, and an update to be brought back at the November 2024 meeting of the Committee.

## **5. 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 6. Quarterly Investment monitoring cover report

Item 7. General Report – Part Two

Item 8. Meet the Manager – Presentation from HarbourVest

Item 9. Pooling considerations cover report

Item 10. Update on Climate Risk and Net Zero cover report

Item 11. Engagement Policy cover report

**6. Quarterly Investment Monitoring report – considered in closed session.**

**7. General Report – Part Two - considered in closed session.**

**8. Meet the Manager – Presentation from HarbourVest - considered in closed session.**

**9. Pooling considerations cover report - considered in closed session.**

**10. Update on Climate Risk and Net Zero cover report - considered in closed session.**

**11. Engagement Policy cover report - considered in closed session.**

**12. Date of Next Meeting**

The Committee noted that the date of the next meetings will be held as follows:

- Wednesday, 20<sup>th</sup> November 2024
- Wednesday, 5<sup>th</sup> February 2025

The Chair requested that a calendar invite of future meetings of the Committee be sent to Members.

**Action: Committee Officer**

**13. Any Other Business**

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

The meeting closed at 10.56pm

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Chair