

Pensions Sub Committee - 9 March 2015

Non-confidential minutes of the meeting of the Pensions Sub Committee held at the Town Hall on 9 March 2015 at 7.30 pm.

Present: **Councillors:** Richard Greening (Chair), Andy Hull, Jean-Roger Kaseki and Michael O'Sullivan

Also Present:

Brian Booker, retired pensioners' representative
Karen Shackleton, AllenbridgeEPIC Investment Advisers
Nick Sykes and Catherine Bermingham, Mercer
Investment Consulting
Vaughan West, GMB

Councillor Richard Greening in the Chair

42 APOLOGIES FOR ABSENCE (Item 1)

None.

43 DECLARATION OF SUBSTITUTES (Item 2)

None.

44 DECLARATION OF INTERESTS (Item 3)

None.

45 MINUTES OF THE MEETING HELD ON 25 NOVEMBER 2014 (Item 4)

RESOLVED:

That the minutes of the meeting held on 25 November 2014 be confirmed as a correct record and the Chair be authorised to sign them.

46 PENSIONS ADMINISTRATION PERFORMANCE FROM 1 NOVEMBER TO 31 JANUARY 2015 (Item B1)

The Pensions Manager reported that a process was in train to appoint a new retired members' representative and that two nominations had been received to date.

RESOLVED:

- (a) That the performance against key performance indicators for the period from 1 November 2014 to 31 January 2015, including statistics regarding the internal dispute resolution procedure, complaints and compliments, as detailed in the report of the Corporate Director of Finance and Resources, be noted.
- (b) That the information regarding the action being taken to appoint a new representative for retired members, detailed in paragraph 3.7 of the report, be noted.
- (c) That the Pensions Manager ensure appropriate transition for the new retired members' representative(s), including training.

- 47 **PENSION FUND PERFORMANCE FROM OCTOBER TO DECEMBER 2014 (Item B2)**
Councillor Greening reported that he had encouraged members of the CIV Working Party to consider investments in housing and infrastructure more generally.

In the light of the further cost and benefits analysis information supplied at Appendix 4 to the report, Members confirmed that they were now satisfied to continue to support the work of the Pensions CIV.

RESOLVED:

- (a) That the performance of the Fund from 1 October to 30 December 2014, detailed in the report of the Corporate Director of Finance and Resources, be noted.
- (b) That the quarterly WM Company report on the overall performance, updated market value and asset allocation of the Fund, as at 30 December 2014, detailed in Appendix 1 to the report, be noted.
- (c) That the report by AllenbridgeEPIC Investment Advisers on fund managers' quarterly performance, detailed in Appendix 2 to the report and their presentation, be noted.
- (d) Having considered the presentation from representatives of Standard Life (minute 48 below), that no changes be made to the current bond mandate at the present time and that officers report back to the Sub-Committee only if interest rate rises looked a substantial risk in the future.
- (e) That the confidential briefing note from Mercer (Appendix 3 to the report), detailing the Fund's exposure to Tesco's High Lease to Value property investment through the Aviva Lime Property Fund, be noted.
- (f) That the confidential update from the CIV working party on a cost and benefits analysis of the scheme (Appendix 4 to the report) be noted and officers be authorised to commit set up funds as necessary.

- 48 **PRESENTATION FROM STANDARD LIFE - CORPORATE BONDS AND BEYOND (Item B4)**

Frances Smyth and Daniel McKernan, from Standard Life Investments, gave a presentation to the Sub-Committee on a proposed opportunity to maintain credit allocation as a combination of SLI sterling credit fund (existing holding) and Total Return Credit fund.

Following questions of the representatives from Standard Life and deliberation, Members agreed that it was not desirable to make changes to the bond mandate at the current time to mitigate the risk of future interest rate rises.

- 49 **INVESTMENT STRATEGY ASSET ALLOCATION IMPLEMENTATION - INFRASTRUCTURE BRIEFING (Item B5)**

Catherine Bermingham and Nick Sykes from Mercer gave a presentation on infrastructure and its role in portfolios.

Following questions and deliberation, Members decided that they would like to consider debt, core and core plus infrastructure investments, with strong inbuilt protection and inflation protection.

RESOLVED:

- (a) That the confidential briefing note from Mercer on "Infrastructure" be noted.
- (b) That the Head of the Pension Fund and Treasury Management report back to the Sub-Committee on the portfolio possibilities based on debt, core and core plus infrastructure investments.

50 **ESTABLISHING AN ISLINGTON PENSION BOARD - PROGRESS (Item B6)**

RESOLVED:

- (a) That the progress made since the last Sub-Committee towards the establishment of an Islington Pension Board, detailed in the report of the Corporate Director of Finance and Resources, be noted.
- (b) That the Corporate Director of Finance and Resources, in consultation with the Assistant Chief Executive – Governance and Human Resources and the Chair, continue to consider how best to implement the regulatory requirements, updating the Sub-Committee and the Audit Committee at their next meetings.
- (c) That the first meeting of the Board be arranged for 11 June 2015.

51 **FUNDING STRATEGY STATEMENT UPDATE TO REFLECT THE LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 2013 (Item B7)**

RESOLVED:

- (a) That the tracked changes to the Council's funding Strategy Statement 2015, approved in March 2014 and attached as Appendix A to the report of the Corporate Director of Finance and Resources, be approved.
- (b) That the Corporate Director of Finance and Resources publish the agreed Funding Strategy Statement on the Council's website before 1 April 2015.

52 **PENSION FUND FORWARD PLAN 2015 (Item B8)**

RESOLVED:

- (a) That the following amendments be made to the Forward Plan of business for meetings of the Sub-Committee for 2014/15, detailed in Appendix A to the report of the Corporate Director of Finance and Resources:

11 June 2015 - Delete "In house Fund presentation"

Proposed training session on 11 June 2015:

Delete "Infrastructure" and bring forward "Impact investing and social bonds" from 14 September 2015 to 11 June 2015

11 June or 14 September 2015:

Add "Engagement"

- (b) That on the two occasions during the year when the Pensions Board meet, the training sessions be arranged for mid-afternoon on the same day as the Sub-Committee/Board meetings.

53 **LONDON COMMON INVESTMENT VEHICLE - UPDATE (Item E1)**

Noted.

54 **STRATEGY REVIEW IMPLEMENTATION - INFRASTRUCTURE BRIEFING FROM
MERCER (Item E2)**

Noted.

The meeting ended at 9.25 pm

CHAIR