

Pensions Sub Committee - 5 September 2017

Non-confidential minutes of the meeting of the Pensions Sub Committee held at on 5 September 2017 at 7.30 pm.

Present: **Councillors:** Richard Greening (Chair), Michael O'Sullivan and Paul Smith

Also Present: Karen Shackleton, Allenbridge Investment Adviser
Marion Oliver and George Sharkey (members of Pensions Board and observers)
Norbert Fullerton and Nikeeta Kumar – Mercer Limited

Councillor Richard Greening in the Chair

93 APOLOGIES FOR ABSENCE (Item A1)

Received from Councillor Andy Hull.

94 DECLARATION OF SUBSTITUTES (Item A2)

None.

95 DECLARATION OF INTERESTS (Item A3)

None.

96 MINUTES OF THE PREVIOUS MEETING (Item A4)

RESOLVED

That the minutes of the meeting held on 12 June 2017 be confirmed as a correct record and the Chair be authorised to sign them.

97 PENSION FUND PERFORMANCE FROM 1 APRIL TO 30 JUNE 2017 (Item B1)

Following consideration of recommendation 2.3 in the report, which sought approval to the delegation of the decision on the implementation of an appropriate insurance mechanism to protect the Pension Fund's current high funding level, members expressed a strong preference for the Sub-Committee to consider and agree options for this, rather than delegating responsibility to officers on this occasion. Whilst recognising the requirement for expediency, members agreed that an additional meeting of the Sub-Committee be arranged to consider the options.

RESOLVED:

(a) That the performance of the Fund from 1 April to 30 June 2017, as per the BNY Mellon interactive performance report, detailed in the report of the Corporate Director of Resources, be noted.

- (b) That the report by Allenbridge Investment Advisers on fund managers' quarterly performance, detailed in Appendix 1 to the report and their presentation, be noted.
- (c) That an additional meeting of the Sub-Committee be held at 2.30pm on 16 October 2017 for the purposes of agreeing how recent gains in equity values might be protected.

99 INVESTMENT STRATEGY UPDATE (Item B2)

RESOLVED:

- (a) That approval be given to the procurement of an infrastructure manager(s).
- (b) That an update on progress be submitted to the Sub-Committee in November 2017.

100 INFRASTRUCTURE - PRESENTATION BY AMP CAPITAL (Item B3)

Matt Evans, Principal, Global Infrastructure and Alice Franks, Institutional Director, AMP Capital, gave a presentation on infrastructure investment.

Matt Evans described the characteristics of infrastructure assets, such as provision of essential services and sustainable long-term cash flows, through investment in prisons, pipelines and hospitals and a range of other assets. He also detailed AMP's Environmental, Social and Governance principles.

Noted.

101 PRESENTATION BY PIRC ON VOTING AND GOVERNANCE (Item B4)

Tessa Younger, Engagement Services Manager and Lara Blecher, Engagement Executive at PIRC Ltd, a research and engagement partner to the Local Authority Pension Fund Forum (LAPFF), gave a presentation to the Sub-Committee on the work of LAPFF and, in particular, its work on voting and governance. They described the practical support provided to LAPFF representatives attending AGMs.

Members asked that LAPFF information on dates of company AGMs be circulated to LAPFF members and how briefings produced by LAPFF might be shared.

Noted.

102 IMPLEMENTATION OF THE MARKETS IN FINANCIAL INSTRUMENTS DERIVATIVE (MIFID II) (Item B5)

RESOLVED:

(a) That the potential impact on the investment strategy of this administering authority becoming a retail client with effect from 3 January 2018, under the Markets in Financial Instrument Directive 2014/65, as detailed in paragraph 3.4 of the report of the Corporate Director of Resources, be noted.

(b) That officers commence applications for elected professional client status with all relevant institutions immediately, in order to ensure the implementation of an effective investment strategy.

(c) That, in electing for professional client status, acknowledgement be given to the fact that the protections available to retail clients as detailed in schedule 1 of Appendix 4 will be foregone.

(d) That the Corporate Director of Resources, in consultation with the Director of Law and Governance, be authorised to complete the necessary applications and determine the basis of those applications as either full or single service.

103 LONDON CIV UPDATE (Item B6)

RESOLVED:

That the progress made at the London CIV in launching funds and running of portfolios from the period from May to July 2017, as detailed in the report of the Corporate Director of Resources, be noted.

104 FORWARD PLAN (Item B7)

RESOLVED:

(a) That the contents of Appendix A to the report of the Corporate Director of Resources, detailing proposed agenda items for future meetings, be noted.

(b) That it be noted that there will be an additional meeting of the Sub-Committee on 16 October 2017, at 2.30pm, for the purposes of considering how recent gains in equity values might be protected

(c) That it be noted that a speaker from the Carbon Trust will attend the annual meeting on 16 October 2017.

The meeting ended at 9.10 pm

CHAIR