

London Borough of Islington

**Pensions Sub-Committee - 14 September 2021**

Non-confidential minutes of the meeting of the Pensions Sub-Committee held in Committee Room 5, Islington Town Hall, Upper Street, N1 2UD on 14 September 2021 at 7.00 pm.

**Present: Councillors:** Paul Convery (Chair), Satnam Gill (Vice-Chair) and Mick Gilgunn

Maggie Elliott (Pensions Board)

Tony English - Mercer

Karen Shackleton – MJHudson Allenbridge

**Councillor Paul Convery in the Chair**

**196 APOLOGIES FOR ABSENCE (Item A1)**

Received from Alan Begg (observer) and Councillor Mick O’Sullivan.

**197 DECLARATION OF SUBSTITUTES (Item A2)**

None.

**198 DECLARATION OF INTERESTS (Item A3)**

Councillor Convery declared an interest in items on the agenda as a member of the Scheme.

**199 MINUTES OF THE PREVIOUS MEETING (Item A4)**

**RESOLVED:**

That the minutes of the meeting held on 21 June 2021 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

**200 PENSION FUND PERFORMANCE - APRIL TO JUNE 2021 (Item B1)**

Members noted the overall satisfactory performance of the Fund. However, members noted that the Diversified Growth Fund, held by Schrodgers, was behind the target over three years and agreed to keep this under review.

**RESOLVED:**

(a) That the performance of the Fund from 1 April to 30 June 2021, as per the BNY Mellon interactive performance report and detailed in the report of the Corporate Director of Resources, be noted.

(b) That the presentation by MJ Hudsons Allenbridge, on fund managers’ quarterly performance, attached as Appendix 1 to the report, be noted.

(c) That the August 2021 “LGPS Current Issues”, attached as Appendix B to the report, be noted.

(d) That the Fund's annual performance report to March 2021 compared to the LA Universe, attached as Appendix 2 to the report, be noted.

**201 DRAFT FUNDING STRATEGY STATEMENT CONSULTATION WITH EMPLOYERS (Item B2)**

Maggie Elliott, Vice-Chair of the Pensions Board, reported that the Board had also considered this report and had agreed that the draft Funding Strategy Statement attached to the report be used for consultation with employers over proposed changes, with the addition of a two-page introductory letter from the Head of Pension Fund and Treasury Management, highlighting the changes.

**RESOLVED:**

(a) That the summary of the main updates to the draft Funding Strategy Statement, appended to the report of the Corporate Director of Resources, be noted as the basis for consultation with employers between September and October 2021.

(b) That officers update the Funding Strategy Statement, with the Fund Actuary, for consultation with employers admitted into the Islington Fund.

**202 ANNUAL REVIEW AND PROGRESS ON THE 2019 - 2023 PENSION BUSINESS PLAN (Item B3)**

Members noted that there was no explicit mention of "net zero carbon" in the key objectives of the business plan set out in paragraph 3.4 of the report and discussed whether the action plan needed to be more specific on how this was to be achieved.

**RESOLVED:**

(a) That the action plan to achieve the objectives of the Pension Fund Business Plan, appended to the report of the Corporate Director of Resources, be noted.

(b) That it be noted that the Head of Pension Fund and Treasury Management would amend the action plan to include specific actions as to how net zero carbon is to be achieved by 2050 and that an amended version of the action plan be submitted to the next meeting for review and approval.

**203 PENSION FUND FORWARD PLAN (Item B4)**

**RESOLVED:**

That, subject to the addition of a report to the schedule of items for the meeting on 23 November 2021 on the next steps on net zero carbon targets, the appendix to the report of the Corporate Director of Resources, detailing agenda items for forthcoming meetings, be approved.

**204 THIRD GENERATION INDICES REVIEW-PASSIVE EQUITIES (Item B5)**

**RESOLVED:**

(a) To the exempt Mercer presentation be noted.

(b) That the Fund's Responsible Policy be updated to reflect the new Net Zero commitment and its carbon emission reduction target of 49% by 2026 and 60% by 2030.

(c) That it be noted that the 31 March 2021 carbon footprinting exercise identified the in-house UK equity and RAFI Emerging Market equity allocations (c12% of total

assets) as the largest contributors to the overall carbon footprint of the Fund.

(d) That officers and investment advisers be authorised to explore with the recommended two service providers (exempt appendix), their offerings in more detail to agree the preferred indices and provider(s).

(e) That officers submit a progress report on the preferred indices and provider(s) and an implementation plan.

**205 LONDON CIV UPDATE (Item B6)**

**RESOLVED:**

That the progress and activities presented at the July business update session of the London CIV (exempt Appendix 1) and news briefing Collective Voice-June, attached as exempt Appendix 1A to the report of the Corporate Director of Resources, be noted.

**206 THIRD GENERATION INDICES REVIEW-PASSIVE EQUITIES - EXEMPT APPENDIX (Item E1)**

Noted.

**207 LONDON CIV UPDATE - EXEMPT APPENDICES (Item E2)**

Noted.

The meeting ended at 8.35 pm

**CHAIR**