

Pensions Sub-Committee - 5 December 2022

Non-confidential minutes of the meeting of the Pensions Sub-Committee held in Committee Room 4, Town Hall, Upper Street, N1 2UD on 5 December 2022 at 7.00 pm.

Present: **Councillors:** Paul Convery (Chair), Diarmaid Ward (Vice-Chair),
Satnam Gill and Michael O'Sullivan

Pension Board Alan Begg, Councillor David Poyser, Maggie Elliott,
observers: Valerie Easmon-George

Councillor Paul Convery in the Chair

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

None.

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

None.

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

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

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

RESOLVED:

That the minutes of the meeting held on 28 September 2022 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them

268 **PENSION FUND PERFORMANCE (Item B1)**

RESOLVED:

(a) That the performance of the Fund from 1 July to 30 September 2022, 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 Hudson on fund managers' quarterly performance, attached as Appendix 1 to the report, be noted.

(c) That the update briefing on Hearthstone in Appendix 1 to the report and the three exit options proposed be noted and that option 1 in the exempt appendix be approved

(d) That the briefing from BMO giving further details on the purchase by a US investment manager, subject to regulatory approval, attached as Exempt Appendix 3 to the report, be noted.

(e) That the transition summary of the In-House UK Low Carbon Index to Legal and General ESG Paris Aligned Index on 1st September 2022 be noted.

269 DRAFT FUNDING STRATEGY STATEMENT FOR CONSULTATION (Item B2)

RESOLVED:

(a) That the draft presentation from Mercer attached as Exempt Appendix 1 to the report of the Corporate Director of Resources be noted.

(b) That the parameters for the investment strategic review, investment return and net zero climate target, be approved.

(c) That the plan for the actuarial valuation process to incorporate the review be noted.

(d) That a further report be submitted to the Sub-Committee in March 2023 on the full investment review

270 INVESTMENT STRATEGY REVIEW - INITIAL CONSIDERATIONS (Item B3)

A representative from Mercer suggested an initial consideration to recap on the existing investment strategy in the context of the 2022 Actuarial review, the volatile markets and sought agreement on potential themes to incorporate into a full investment strategy review in March 2023.

RESOLVED:

(a) That the draft presentation from Mercer on considerations for a review of the Investment Strategy Statement, detailed in exempt Appendix E3, be noted.

(b) That the parameters for the investment strategic review, investment return and net zero climate target, as discussed, be approved.

(c) That the plan for the actuarial valuation process to incorporate the review be noted.

(d) That a further report be submitted to the Sub-Committee in March 2023 on the full investment review

271 PENSION DISCRETION POLICIES REVIEW (Item B4)

The Pensions Manager reported that the Pensions Board had considered this report earlier in the evening and had suggested (a) that a guide for employers, explaining each discretion and its implications for the employer and employee, be included with the policy document and (b) that the proposal to include a change to the Discretions Policy, by the introduction of a Shared Cost Additional Voluntary Contributions Scheme, be approved.

RESOLVED:

(a) That the recommendations of the Pensions Board viz (i) that a guide for employers, explaining each discretion and its implications for the employer and employee, be included with the policy document and (ii) that the proposal to include

a change to the Discretions Policy, by the introduction of a Shared Cost Additional Voluntary Contributions Scheme, be endorsed.

(b) That the current Council's discretions be approved, subject to the additions in resolution (a) above

(c) That, as set out in resolution (a) above, a new discretion of a Shared Cost Additional Voluntary Contribution Scheme be introduced with a new provider AVC wise.

(d) That the same policy be applied in respect of Regulation 30(8) discretions, where the Council was the administering authority and a former employer had ceased to be a scheme employer.

272 LONDON CIV UPDATE (Item B5)

RESOLVED:

(a) That the progress made at the London CIV in launching funds, running of portfolios, reviewing governance and investment structure, over the period August to October 2022, as detailed in the report of the Corporate Director of Resources, be noted.

(b) That the October business update session of the London CIV, detailed in exempt Appendix 1 to the report, be noted.

273 PENSION FUND - FORWARD WORK PROGRAMME (Item B6)

RESOLVED:

That Appendix A attached to the report of the Corporate Director of Resources, comprising the forward plan of business for the Sub-Committee, be noted.

274 OBJECTIVES SET FOR PROVIDERS OF INVESTMENT CONSULTANCY - ANNUAL REVIEW (Item B7)

Representatives from MJ Hudson and Mercer left the meeting in advance of consideration of the following agenda item.

RESOLVED:

(a) That it be noted that the legal requirement for trustees of occupational pensions (including LGPS) to set strategic objectives for investment consultancy providers, came into effect from 10 December 2019.

(b) That the objectives agreed in November 2021 and detailed in the report of the Corporate Director of Resources, be noted and the performance rating of the investment consultancy providers as set out in Exempt Appendix 1 to the report be approved.

(c) That the objectives be reviewed at least annually and/or where there was a change in the Fund's requirements.

(d) That Corporate Director of Resources be authorised, in consultation with the Acting Director of Law and Governance, to report on compliance via the TPR's annual scheme return.

(e) That the contents of the exempt appendix, agenda item E4, be noted.

275 PENSION FUND PERFORMANCE - EXEMPT APPENDIX (Item E1)

RESOLVED:

(a) That the contents of exempt appendix 3 to agenda item B1, comprising an update on the BMO emerging market portfolio sale to Polen Capital, be noted.

(b) That, as part of the considerations following Columbia Threadneedle's sale of BMO, officers explore the existing emerging market portfolio run separately by Columbia Threadneedle.

276 LONDON CIV UPDATE - EXEMPT APPENDIX (Item E2)

Noted.

277 INVESTMENT STRATEGY REVIEW - INITIAL CONSIDERATIONS - EXEMPT APPENDIX (Item E3)

Noted.

278 OBJECTIVES SET FOR PROVIDERS OF INVESTMENT CONSULTANCY - ANNUAL REVIEW - EXEMPT APPENDIX (Item E4)

Noted.

The meeting ended at 8.50 pm

CHAIR