

Pensions Sub-Committee - 3 July 2023

Non-confidential minutes of the meeting of the Pensions Committee held in Committee Room 1, Town Hall, Upper Street, N1 2UD on 3 July 2023 at 7.00 pm.

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

Pension Board observers: Mike Calvert and Maggie Elliott

Councillor Paul Convery in the Chair

290 APOLOGIES FOR ABSENCE (Item A1)

Received from Alan Begg, Valerie Easmon-George and Councillor Dave Poyser, all members of the Pensions Board.

291 DECLARATION OF SUBSTITUTES (Item A2)

None

292 DECLARATION OF INTERESTS (Item A3)

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

293 MINUTES OF THE PREVIOUS MEETING (Item A4)

RESOLVED:

That the minutes of the meeting held on 6 March 2023 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

Matters arising

In response to various performance matters raised at the last meeting, Karen Shackleton from MJ Hudson reported that:
the performance from Pantheon, the Fund's Infrastructure manager, at almost -7% for the last quarter, whereas yearly performance was indicated at 27%, Pantheon had confirmed that they do not consider short-term figures and the variance was probably attributable to methodology;
on the matter of Islington owning over 50% of the LCIV Global Equity Fund (Newton) sub-fund and the implications of other investors leaving the Fund, LCIV had expressed confidence that no other investors would leave the Fund but, when pressed, undertook to notify Islington if the Fund went from three to two sub-funds.

294 **MEMBERSHIP, TERMS OF REFERENCE AND DATES OF MEETINGS FOR PENSIONS SUB-COMMITTEE IN 2023-24 (Item A5)**

RESOLVED:

(a) To note the membership of the Pensions Sub-Committee, appointed by the Audit Committee on 23 May 2023, its terms of reference and dates of meetings for the municipal year 2023/24, as set out at Appendix A of the report of the Interim Director of Law and Governance and Monitoring Officer.

(b) To note that the terms of reference of the Sub-Committee were to be reviewed at the Council meeting on 13 July 2023.

295 **PENSION FUND PERFORMANCE - JANUARY TO MARCH 2023 (Item B1)**

The meeting noted that Islington owned approximately 0.89% of chip manufacture through its holdings in four companies, a significant amount of exposure. They also noted that, although Hearthstone's performance had improved, its progress on conveyancing was slow. The position on both managers would be monitored closely.

RESOLVED:

(a) That the performance of the Fund from 1 January to 31 March 2023, 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) To note for information the Mercer "LGPS Current Issues May 2023" at Appendix 2 to the report.

296 **DECARBONISATION POLICY MONITORING- CARBON FOOTPRINT RESULTS AND NEXT STEPS (Item B2)**

In response to questions, Tony English and Alex Goddard, Mercer representatives, undertook to check:

- i) with LGIM, if it was possible to distinguish between their oil and gas revenues
- ii) with the LCIV Sustainable mandate (RBC), why the implied temperature rise seemed high

RESOLVED:

(a) To note the carbon footprint of the Fund's public equities and credit, as detailed in the report of the Corporate Director of Resources.

(b) To note the fund's progress in reducing its exposure to carbon intensive companies since 2016 and absolute emissions as set out in Exempt Appendix 1.

(c) To note that officers will continue to engage with the Fund's portfolio managers to improve ESG ratings and achieve the targets set in 2025 and long-term net zero target for the whole fund.

(d) That progress on decarbonisation and the current metrics as detailed in the exempt appendix, be noted.

~~(e) That officers report to the next meeting on options for sustainable infrastructure.~~ amended at Pensions Committee on 26 September 2023.

297 INVESTMENT STRATEGY REVIEW AND IMPLEMENTATION PLAN (Item B3)

RESOLVED:

(a) To note the presentation from Mercer attached as Exempt Appendix 1 to the report of the Corporate Director of Resources

(b) To note the strategy review and the risk and return analysis.

(c) To agree the strategic allocation, congruent with risk and return that was affordable and sustainable.

(d) To agree portfolio strawman 3- additional allocation to alternates and credit, as detailed in the exempt appendix.

(e) That an implementation strategy for the final agreed asset allocation be approved, as detailed in the exempt appendix.

(f) That the presentation from Mercer, attached as Exempt Appendix 2 to the report, be noted and the executive summary be approved.

298 LONDON CIV UPDATE (Item B4)

RESOLVED:

To note the progress and activities presented at the May business update session (exempt appendix 1) and minutes of the shareholders' committee meeting held on 30th March 2023 (exempt appendix 2), attached to the report of the Corporate Director of Resources.

299 PENSION FUND FORWARD WORK PROGRAMME (Item B5)

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.

300 INVESTMENT STRATEGY REVIEW AND IMPLEMENTATION PLAN - EXEMPT APPENDIX (Item E1)

Noted.

301 DECARBONISATION POLICY MONITORING- CARBON FOOTPRINT RESULTS AND NEXT STEPS - EXEMPT APPENDIX (Item E2)

Noted.

302 LONDON CIV UPDATE - EXEMPT APPENDIX (Item E3)

Noted.

The meeting ended at 8.25 pm

CHAIR