

Pensions Committee - 26 September 2023

Non-confidential minutes of the meeting of the Pensions Committee held at Committee Room 1, Town Hall, Upper Street, N1 2UD on 26 September 2023 at 7.00 pm.

Present: Councillors: Convery (Chair), Ward (Vice-Chair), Gill and O'Sullivan

Also Present: Councillors:

Councillor Paul Convery in the Chair

303 APOLOGIES FOR ABSENCE (Item A1)

Received from Valerie Easmon-George and Alan Begg, both members of the Pensions Board.

304 DECLARATION OF SUBSTITUTES (Item A2)

None.

305 DECLARATION OF INTERESTS (Item A3)

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

306 MINUTES OF THE PREVIOUS MEETING (Item A4)

Subject to the deletion of the sentence "(e) That officers report to the next meeting on options for sustainable infrastructure." in minute 296,

RESOLVED:

That the minutes of the meeting held on 3 July 2023 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

307 REVIEW OF COUNCIL CONSTITUTION - APPROVED CHANGES TO TERMS OF REFERENCE FOR PENSIONS COMMITTEE AND PENSIONS BOARD (Item A5)

Members acknowledged that, compared to other Pension Boards across London, membership of Islington's Pensions Board was low, at four members. Members undertook to discuss with their colleagues the many positive aspects of serving on the Committee, with a view to extending membership to six and with more diversity in the make-up.

RESOLVED:

(a) To note the changes to the Terms of Reference of the Pensions Committee and the Pensions Board, as approved by the Council on 13 July 2023 and detailed in the

Appendix to the report of the Interim Director of Law and Governance and Monitoring Officer.

(b) That the Interim Director of Law and Governance and Monitoring Officer be thanked for her work on the revisions to the Terms of Reference for both the Pensions Committee and the Pensions Board and the overall work on revisions to the Constitution.

308 PENSION FUND PERFORMANCE - 1 APRIL TO 30 JUNE 2023 (Item B1)

The report of the Corporate Director of Resources was amended on submission as follows:

Paragraph 3.11.2 (Aviva) – substitute “-7.1%” for “7.1%” in line 2.

RESOLVED:

(a) That the performance of the Fund from 1 April to 30 June 2023, as per the BNY Mellon interactive performance report and detailed in the report of the Corporate Director of Resources, as amended, be noted.

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

(c) To note for information the Mercer NewsAlert LGPS Issues August 2023, attached as Appendix 2 to the report.

(d) To note the Annual performance report by PIRC, attached as Appendix 3 to the report.

(e) To note the latest ESG ratings of Fund managers, prepared by Mercer, attached as exempt Appendix 4 to the report.

(f) That all Fund managers be included in the table of managers’ performance for the future.

(g) That it be noted that, in response to a question from members, the Deputy Director of Finance had undertaken to investigate why emissions data for Quinbrook was lower than data provided in October 2022 and to write to members.

309 INVESTMENT STRATEGY STATEMENT UPDATE (Item B2)

The Chair proposed the addition of the word “investment” before the word “policy” in recommendation 3 of the report of the Corporate Director of Resources.

RESOLVED:

(a) To note the draft Investment Strategy Statement document indicating tracked changes and attached as Appendix 1 to the report of the Corporate Director of Resources.

(b) To agree the changes and instruct officers to publish the revised Investment Strategy Statement.

(c) To note that a stand-alone responsible investment policy document was being developed for consideration at a future meeting

310 ANNUAL REVIEW AND PROGRESS ON THE 2021-2025 PENSION BUSINESS PLAN (Item B3)

RESOLVED:

(a) To note Appendix A attached to the report of the Corporate Director of Resources.

(b) To agree the business plan objectives set out in paragraph 3.4 of the report, viz:

- To achieve best practice in managing our investments in order to ensure good long term performance, sustainability of the Fund, value for money and a reduction

in managers' fees wherever possible and pursue new investment opportunities "plus an expectation of strong business ethics from fund managers also"

- To continually improve our administration and governance in order to deliver an excellent and cost effective service to all fund members.
- To engage with companies as an active and responsible investor with a focus on good corporate governance and environmental sustainability, whilst achieving a financial return for the fund and addressing societal impact and a focus on strong business ethics and reputation to ensure the safeguarding of the Fund and its members.
- To actively monitor and challenge poor performance in managers and to pursue new investment opportunities
- To develop collaboration opportunities with other funds for sharing of services and pooling

311 INVESTMENT STRATEGY REVIEW UPDATE ON IMPLEMENTATION (Item B4)

RESOLVED:

(a) To note the report from Mercer on M&G Sustainable, attached as exempt appendix 1 to the report of the Corporate Director of Resources.

(b) To note the key characteristics of the sustainable strategy.

(c) To note exempt Appendix 2, prepared by Apex, on Pantheon Infrastructure and to re-commit to the next vintage to maintain the Fund's allocation of 6%.

(d) To note the progress made on rebalancing the Fund's property allocation to the agreed 20%.

(e) To note initial action taken on the Fund's emerging markets portfolios.

(f) To agree to receive a further progress report at the next Committee meeting in November 2023.

312 DRAFT RESPONSE TO DLUHC CONSULTATION ON POOLING (Item B5)

RESOLVED:

(a) To note the consultation document "Local Government Pension Scheme (England and Wales): Next steps on investments"

(b) To note the five main areas focused for consultation as listed in para 3.3 of the report.

(c) To agree the draft response on "Pooling" attached to the report and to authorise officers to send the final version to the Department of Levelling Up, Housing and Communities, no later than 2 October 2023.

313 PENSION FUND FORWARD WORK PLAN (Item B6)

The Committee noted that this year's Annual Meeting was more likely to be held in November, rather than October.

RESOLVED:

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

314 LONDON CIV UPDATE (Item B7)

RESOLVED:

To note the August monthly business update from the London CIV, attached as exempt appendix 1 to the report of the Corporate Director of Resources and the AGM meeting presentation slides attached as exempt appendix 2 to the report.

315 EXCLUSION OF PRESS AND PUBLIC (Item)

RESOLVED:

That the press and public be excluded during consideration of the following items as the presence of members of the public and press would result in the disclosure of exempt information within the terms of Schedule 12A of the Local Government Act 1972, for the reasons indicated in the reports.

Agenda item E1 - Pension Fund performance - 1 April to 30 June 2023 -- exempt appendix – category 3.

Agenda item E2 - Investment Strategy review update on implementation - exempt appendices – category 3.

Agenda item E3 - London CIV update - exempt appendices – category 3.

316 PENSION FUND PERFORMANCE - 1 APRIL TO 30 JUNE 2023 - EXEMPT APPENDIX (Item F1)

See exempt minutes.

317 INVESTMENT STRATEGY REVIEW UPDATE ON IMPLEMENTATION - EXEMPT APPENDICES (Item F2)

See exempt minutes.

318 LONDON CIV UPDATE - EXEMPT APPENDICES (Item F3)

Noted.

The meeting ended at 8.40 pm

CHAIR