

London Borough of Islington

Pensions Committee - 26 September 2024

Non-confidential minutes of the meeting of the Pensions Committee held in Committee Room 4, Islington Town Hall, Upper Street, N1 2UD on 26 September 2024 at 7.00 pm.

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

Councillor Paul Convery in the Chair

359 APOLOGIES FOR ABSENCE (Item A1)

Received from Councillors Gill and Mackmurdie.

Apologies for absence also received from Alan Begg, George Sharkey and Councillor Una O'Halloran, members of the Pensions Board, and observers on the Committee.

360 DECLARATION OF SUBSTITUTES (Item A2)

None.

361 DECLARATION OF INTERESTS (Item A3)

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

362 MINUTES OF THE PREVIOUS MEETING (Item A4)

The Chair proposed that line 4 of minute 351(a) – “Update on passive portfolio restructuring” – be amended as follows:

Replace the word “compliant” with “complicit”.

RESOLVED:

That subject to the above amendment, the minutes of the meeting of the Committee held on 24 July 2024 be confirmed as an accurate of proceedings and the Chair be authorised to sign them.

363 PENSION FUND PERFORMANCE FROM 1 APRIL TO 30 JUNE 2024
(Item B1)

RESOLVED:

(a) That the performance of the Fund from 1 April to 30 June 2024, as detailed in the BNY Mellon interactive performance report, and detailed in the report of the Corporate Director of Resources, be noted.

(b) To receive the presentation by Apex, independent investment advisers, on fund managers' quarterly performance, attached as Appendix 1 to the report.

(c) To note the whole fund performance report, compared to peer universe of 63 funds as at 31st March 2024, prepared by PIRC and attached as Appendix 2 to the report, noting that Islington Pension Fund appeared in the upper quartile, ahead of average, over the past five years.

(d) To note Mercers' "LGPS Current Issues – September 2024".

364 **(A) INVESTMENT STRATEGY REVIEW UPDATE ON IMPLEMENTATION (Item B2)**

RESOLVED:

(a) To note the progress made to date on the implementing the agreed strategy, as detailed in the report of the Corporate Director of Resources.

(b) To note the briefing paper from Pension for Purpose on impact investing, attached as appendix 1 to the report.

(c) That officers carry out due diligence on the possibility of investment in Temporis, Clean Growth and Future Planet impact funds, which aligned with the Fund's climate goals and, subject to results, appoint two funds with an allocation of 50%.

(d) That 50% be kept in reserve for possible future opportunities in this area.

(e) To agree delegated authority to the Corporate Director of Resources to make the required commitment to cover the projected gap on private debt of around £120m.

(f) That officers and advisors (i) review the existing US Private debt manager, Churchill's, next vintage Fund V and, if appropriate, make a commitment as per the gap analysis agreed in July and (ii) commence a procurement process for a European private debt manager, including having regard to the LCIV Private Credit mandate.

(g) To agree to invest with LCIV the Fund's natural capital allocation, subject to meeting investment objectives.

(h) To receive a further progress report at the next meeting in December 2024.

365 **(B) FUNDING REVIEW UPDATE (Item B3)**

RESOLVED:

(a) To note the report prepared by the Fund Actuary, Mercer, attached as Appendix 1 to the report of the Corporate Director of Resources, detailing the estimated funding level of the Fund since the 2022 triennial actuarial valuation to June 2024, related funding matters, which the Actuary would consider, a snapshot of the whole Fund position as at 30 June 2024 and the next steps for the 2025 Actuarial valuation.

(b) To note the summary headlines in paragraph 3.5 of the report.

(c) To note the timeline and activities for the March 2025 triennial valuation, as set out in paragraph 3 of the report

366 **PASSIVE EQUITY PORTFOLIO RESTRUCTURING UPDATE (Item B4)**

RESOLVED:

(a) To note the contents of the report of the Corporate Director of Resources and:

i) to restructure the two existing LGIM passive equity funds to create a single pooled fund of one investor, combining both portfolios into one, mirroring the Paris-aligned strategy.

ii) to note due diligence progress towards compliance with the regulatory and legal conditions outlined in Counsel's advice before divesting from 10 companies listed by the UNHRC, including consultation with Fund members.

b) That a report on the outcome of i) and further progress towards ii) above be reported to the next meeting of the Committee.

4) That officers and external advisers be thanked for their work on this project.

369 DRAFT PENSION ANNUAL REPORT 2023/24 (Item B7)

RESOLVED:

- (a) To note the draft 2023/24 Pension Annual Report, attached as Appendix 1 to the report of the Corporate Director of Resources.
- (b) To note the 2023/24 pension fund statement of account, activities, governance and performance, all as detailed in the Appendix to the report.
- (c) To note that a summary of the draft annual report would be distributed to pension members at the 30th September 2024 Annual General Pension Meeting.
- (d) To agree that the Annual Report be signed off in the name of the “Chair of the Pensions Committee”, rather than the “Chair of the Pensions Board”, since it reflected the work of the Committee.

370 ANNUAL REVIEW AND PROGRESS ON THE 2022-2026 PENSION BUSINESS PLAN (Item B8)

RESOLVED:

- (a) To note and approve the actions and objectives comprising the four year business plan, as detailed in Appendix A to the report of the Corporate Director of Resources.
- (b) That an update on the Investment Strategy be presented to the Committee in March 2025 for consideration.

371 LONDON CIV UPDATE (Item B9)

RESOLVED:

To note exempt appendix 1 to the report of the Corporate Director of Resources, comprising the August 2024 business update session, and further updates on fund launches.

372 PENSION FUND FORWARD WORK PROGRAMME (Item B10)

RESOLVED:

To approve the addition of the following items to the forward plan:

3 December 2024 – “ Passive equity portfolio restructuring update - responses to consultation and equality impact assessment” (and decision on restructure)

10 March 2025 – “Investment Strategy update”

373 LONDON CIV UPDATE - EXEMPT APPENDIX (Item E1)

Noted.

374 **PASSIVE EQUITY PORTFOLIO RESTRUCTURING UPDATE - EXEMPT APPENDIX (Item E2)**

Noted the exempt appendix comprising and exempt briefing from Mercer Company.

The meeting ended at 8.55 pm

CHAIR