

Pensions Sub Committee - 3 December 2019

Non-confidential minutes of the meeting of the Pensions Sub Committee held on 3 December 2019 at 7.30 pm.

Present: Councillors: Paul Convery (Chair), Sue Lukes, Michael O'Sullivan and David Poyser

Alan Bee (Independent member, Pensions Board),
Valerie Easmon-George (Pensions Board)
Tony English, Nikeeta Kumar, Tomi Nummela and
Anikhet Bhaduri – Mercer
Karen Shackleton – MJHudson Allenbridge

Councillor Paul Convery in the Chair

98 APOLOGIES FOR ABSENCE (Item A1)

Received from Councillor Andy Hull.

99 DECLARATION OF SUBSTITUTES (Item A2)

Councillor David Poyser substituted for Councillor Andy Hull.

100 DECLARATION OF INTERESTS (Item A3)

Councillor Paul Convery declared a personal interest as a member of the Pension Fund.

101 MINUTES OF THE PREVIOUS MEETING (Item A4)

RESOLVED:

That the minutes of the meeting held on 10 September 2019 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

102 PENSION FUND PERFORMANCE FROM 1 JULY TO 30 SEPTEMBER 2019 (Item B1)

RESOLVED:

(a) That the performance of the Fund from 1 July to 30 September 2019, as set out in the BNY Mellon interactive performance report, and detailed in the report of the Corporate Director of Resources, be noted.

(b) That the report of MJ Hudson Allenbridge Advisers on fund managers' quarterly performance, detailed in Appendix 1 to the report and their presentation, be noted.

103 PRESENTATION FROM LEGAL AND GENERAL - MONITORING CURRENT POSITION OF EQUITY PROTECTION STRATEGY (Item B2)

Richard Lubbock, Client Manager, and Femi Bart- Williams, Senior Solutions Strategy Manager, Legal and General, gave an overview of the equity protection strategy. Options were performing as expected and provided protection during market downturns, whilst the Fund continued to participate during equity market growth. Current options were due to expire in March 2020, before which time the Sub-Committee would have to decide whether to let the options expire, or approve a different equity protection structure.

Richard Lubbock and Femi Bart-Williams were thanked for their presentation.

104 EQUITY PROTECTION STRATEGY - REVIEW (Item B3)

RESOLVED:

(a) That Mercer's presentation paper on equity protection (exempt appendix E3) and their presentation be noted.

(b) That, having considered the options, current options continue beyond March and June.

105 DECARBONISATION POLICY MONITORING - CLIMATE SCENARIO ANALYSIS (Item B4)

RESOLVED:

(a) That the climate scenario analysis of the Fund produced by Mercer, attached as exempt appendix 1 to the report of the Corporate Director of Resources, be noted.

(b) That the climate-related investment impact, as detailed in the exempt appendix, be noted.

(c) That officers continue to monitor the decarbonisation policy.

106 SETTING OBJECTIVES FOR PROVIDERS OF INVESTMENT CONSULTANCY SERVICES (Item B5)

RESOLVED:

(a) That the legal requirement for trustees of occupational pensions (including LGPS) to set strategic objectives for investment consultancy providers with effect from 10 December 2019 be noted, as detailed in the report of the Corporate Director of Resources.

(b) That the draft objectives set out in Appendix 1 of the report to monitor the performance of Islington's investment consultancy provider be approved.

(c) That the objectives be reviewed at least annually, or when there is a change in the Fund's requirements.

107 **2019 ACTUARIAL VALUATION - DRAFT FUNDING STRATEGY STATEMENT FOR CONSULTATION (FOR INFORMATION) (Item B6)**

RESOLVED:

(a) That the summary of the main updates in the draft Funding Strategy Statement, upon which employers were to be consulted between December 2019 and January 2020, as detailed in paragraph 3.1.2 of the report of the Corporate Director of Resources, be noted.

(b) That officers and the Fund Actuary update the Funding Strategy Statement for consultation with employers admitted to the Fund.

108 **LONDON CIV UPDATE (Item B7)**

RESOLVED:

(a) That the progress and activities detailed in the news briefing "Collective Voice – October", attached as exempt appendix 1 to the report of the Corporate Director of Resources, be noted.

(b) That the letter from the CEO at London CIV on the update after remuneration policy review, attached as exempt appendix 2 to the report, be noted only at this stage.

(c) That officers explore alternative pooling opportunities and report back to the Committee in due course.

109 **PENSION FUND FORWARD PLAN 2019/20 (Item B8)**

RESOLVED:

That the Appendix to the report of the Corporate Director of Resources, detailing agenda items for forthcoming meetings, be approved.

110 **PENSION ADMINISTRATION PERFORMANCE - AMENDMENT TO REGULATIONS (N.B. - THIS REPORT IS ALSO TO BE CONSIDERED BY THE PENSIONS BOARD. ASSUMING THE PROPOSALS IN THE REPORT ARE AGREED, THE PENSIONS SUB-COMMITTEE IS TO BE ASKED TO APPROVE THE NECESSARY CHANGES TO THE REGULATIONS) (Item B9)**

The Sub-Committee noted that the Pensions Board, which had met immediately prior to this meeting, had considered and approved the recommendations in the report on "Pensions administration performance", including a recommendation that the Sub-Committee agree an amendment to regulation 40, 43 and 46 of the LGPS, concerning employer discretions.

RESOLVED:

That, in order to avoid any delay in the payment of death grants to the executor of the estate of a deceased member, the Chief Executive, the Head of Treasury Management and Pension Fund, the Chief Accountant and the Director Service Finance be authorised to sign off payment of death grants, in the absence of the Corporate Director of Finance and Property.

111 INVESTMENT STRATEGY UPDATE- HEARTHSTONE (Item B10)

RESOLVED:

(a) That the summary findings detailed in the exempt appendix to the report (agenda item E4) be noted.

(b) That officers, in consultation with the Chair of the Pensions Sub-Committee, be authorised to consider and agree with Hearthstone other proposals that will help make the Fund more attractive to investors and reduce Islington's holdings over time.

112 LONDON CIV UPDATE - EXEMPT APPENDICES (Item E1)

RESOLVED:

That the contents of the exempt appendix be noted.

113 DECARBONISATION POLICY MONITORING - CLIMATE SCENARIO ANALYSIS - EXEMPT APPENDIX (Item E2)

RESOLVED:

That the contents of the exempt appendix be noted.

114 EQUITY PROTECTION STRATEGY - REVIEW - EXEMPT APPENDIX (Item E3)

RESOLVED:

That the contents of the exempt appendix be noted.

115 INVESTMENT STRATEGY UPDATE- HEARTHSTONE - EXEMPT APPENDIX (Item F1)

RESOLVED:

That the contents of the exempt appendix be noted.

START TIME FOR FUTURE MEETINGS

RESOLVED:

That future meetings of the Sub-Committee commence at 7.00pm.

The meeting ended at 9.35 pm

CHAIR