

**MINUTES OF THE MEETING OF THE PENSION POLICY & INVESTMENT
COMMITTEE
HELD ON THURSDAY, 25 NOVEMBER 2021**

COUNCILLORS

PRESENT Tim Leaver, Claire Stewart, Doug Taylor, Edward Smith and Terence Neville OBE JP

ABSENT

OFFICERS: Matt Bowmer (Interim Director of Finance) and Bola Tobun (Finance Manager (Pensions and Treasury))

Also Attending: Carolan Dobson (Independent Advisor), Daniel Carpenter (Aon), and Joe Peach (Aon), Tapan Datta (Aon)

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WELCOME AND APOLOGIES

Councillor Tim Leaver (Chair) welcomed everyone to the meeting.

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DECLARATIONS OF INTEREST

Cllr Stewart declared she is now working for one of the major negotiators in Local Government Pension Schemes.

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MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 30 September 2021 were agreed as a correct record.

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PENSION BOARD FEEDBACK

There has been no meeting of the Pension Board since the last Pension Policy & Investment Committee. The minutes from the last Pension Board Minutes will be circulated to the committee.

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QUARTERLY INVESTMENTS UPDATE - 30 SEPT 21

Bola Tobun highlighted the following points from the report:

- We have £1.5b of funds – 12% overfunded

PENSION POLICY & INVESTMENT COMMITTEE - 25.11.2021

- The committee are to agree to approve investment in Adam Street. Last years investment was missed. It was recommended we commit to a £20m investment this year.
- LCIV continue to review Longview due to their current performance.
- By the end of this month, we will be able to put money into the liquid credit fund.
- LCIV announced all investments managers are performing well other than Longview and CQS. CQS will be blending with Pimco.
- We didn't take part in Adam Street last time, due to delay in reviewing the legal agreement. Legal documents have been reviewed by Sackers and we are ready to invest in the Fund.
- Aon commented that in recent years Longview underperformed which concerned LCIV, relating to style drift, shorter underperformance, and staff turnover. LCIV should complete their review by next month.
- The chair noted that we would discuss Longview at the next meeting and then make a decision.

Aon highlighted the following points:

- Combined performance is strong, assets have increased. As of 30th September, the funding level is 112%.
- Very strong absolute performance over the last 12 months from our equity managers.
- The chair requested to compare the last 12 months on the relation allocation section of the dashboard

Action: Bola to circulate the cost of the transition to Paris Align mandate.

Agreed: \$20m to go into Adam Street Fund

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MARKET AND PORTFOLIO UPDATE

Aon highlighted the following points:

- In October equity markets were up in most regions, particularly in US. One which struggled was Japan, due to PM elections.
- Rates expected to rise in UK in November but they did not.
- Inflation and growth to peak next year.
- US market led the global equity market this year.
- An increase of 23m at the end of October, Giving the fund value 1.52m. The main increase from equities.

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QUARTERLY LAPFF ENGAGEMENT UPDATE

- Bola advised the committee to make them aware if there is anything they want them to respond on the report
- Cllr Neville commented it would be useful to see information relevant to companies we invest in, rather than all companies. Bola confirmed the report is based on MSCI, which we use, so most of the companies they are engaging with we will be investing in.
- Report was noted and will be made more targeted to our fund next time.

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ENFIELD PENSION FUND FOSSIL FUEL EXPOSURE REPORT AS AT 30 SEPTEMBER 2021

- Aon highlighted they engage with all managers to establish fund exposure to oil, gas and coal. At the end of September the funds exposure to fossil fuel was 1.2% of its overall value, at 17.7m
- A number of managers have 0 exposure. We will continue to monitor these.
- With the revised strategy, it is expected that the percentage will go down. The percentage has gone up more than last quarter due to energy prices increasing.

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PROCUREMENT EXERCISE UPDATE

- Bola notified the committee. There are some outstanding procurement we are doing for next year, currently putting material together.
- Cllr Taylor commented that if we want meaningful it would be useful to have criteria for the framework so it can be better understood. The committee should have an input on what the criteria should be.
- Matt Bowmer advised the cost shouldn't be the greatest driver, it should be the value. The current split between price/quality is 40/60. Each fund has the cope to amend the balance as they see fit.
- Chair (Cllr Tim Leaver) proposed an online meeting to look at discussing the LGPS in January then report back in formal meeting.
- Matt Bowmer explained the preference would be to go from the framework if we can, we are currently operating to a similar framework. A short paper can be prepared to look at the pros and cons of the options, which can be done in online January meeting.
- Agreed to go through a process, of an online meeting which will report back to committee.

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STRATEGIC OBJECTIVES FOR THE INVESTMENT CONSULTATION

- Notice to the committee to with an update for us to comply with the CMA regulations.
- We need to submit another letter to CMA with set objectives for them. It will be sent on 7th Jan. Bola will bring the report and letter to the next meeting.

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LONDON CIV- AMENDMENTS TO SHAREHOLDER AGREEMENT (SHA) AND ARTICLES OF ASSOCIATION (AA)

- There was an error in the shareholder agreement of the LCIV. They went back to FCA and they were happy with them as long as all the shareholders signed the amendment. We need to sign the agreement.
- Legal team were sent the agreement for review and came back on 22 November 21. Committee to delegate authority of section 151 officer so it can be signed off once we have clearance.
- Cllrs commented we need to have confirmation from 151 officer and legal. If there is a decision we need to know underlying issues.
- The chair tabled this item to the next meeting.

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FORMALISING NEXT STEPS HIGHLIGHTED FROM THE RESPONSIBLE INVESTMENT STRATEGY WORKSHOP WITH FURTHER DISCUSSION ON RESPONSIBLE INVESTMENT POLICY AND NET ZERO IMPLEMENTATION PLAN

An informal meeting was held last week to discuss how the committee can monitor the responsible investment policy.

- There will be 6 monthly reviews on the strategy, the first will cover the true cost monitoring and understanding what other organisations and committees do.
- Our target is 2030, other organisations have targets of 2040/50.
- The first meeting will be held in February 2022 and reported back to the committee.

Agreed to the proposed informal 6 monthly reviews.

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AOB - AGM PLANNING UPDATE

- Matt Bowmer/Bola Tobun to bring short paper to next meeting on clean energy.