

**MINUTES OF THE MEETING OF THE PENSION POLICY & INVESTMENT
COMMITTEE
HELD ON WEDNESDAY, 19 JULY 2023**

COUNCILLORS

PRESENT (Chair) Doug Taylor, Susan Erbil (Cabinet Member for Licensing, Planning and Regulatory Services), Gina Needs (Cabinet Member for Community Safety and Cohesion), Sabri Ozaydin, David Skelton and Edward Smith

ABSENT

OFFICERS: Olga Bennet (Director of Finance), Bola Tobun (Finance Manager – Pensions and Treasury) and Jane Creer (Secretary) Ravi Lakhani (Finance Manager (Pensions and Treasury) and Olga Bennet (Director of Finance: Capital & Commercial) Robyn McLintock (Secretary)

Also Attending: Daniel Carpenter (Associate Partner, Aon), and Kara Robinson (Senior Investment Consultant, Aon)

1 WELCOME AND APOLOGIES

The Chairman welcomed everyone to the meeting.

There were no apologies given.

2 DECLARATIONS OF INTEREST

Councillor Taylor declared a non-pecuniary interest as he was appointed to the LCIV Shareholder Committee.

3 APPOINTMENT OF VICE CHAIR

The Chair nominated Councillor Sabri Ozaydin as Vice-Chair which was seconded by Councillor Gina Needs.

4 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 29 March 2023 were agreed.

5 CHAIRS UPDATE

The Chair attended a sustainable investment conference where a presentation from Morning Star displayed a template for information sharing.

PENSION POLICY & INVESTMENT COMMITTEE - 19.7.2023

The Chair has spoken to Officers to consider consolidating the committees various sources of information to create an at-a-glance template for each of our investments.

The Chair also attended the Local Authority Pension Fund Forum Conference.

The Government has issued a consultation document on Pooling which has a deadline of October 5th.

ACTION: Ravi to send link to Committee and members to email him comments by end of August.

6 INFRASTRUCTURE INVESTMENTS

Ravi Lakhani introduced the item highlighting the key points from the report. As of 31 March 2023 the fund has a 16% strategic allocation to infrastructure assets.

AGREED to invest £75 million into the London CIV Renewable Infrastructure Fund.

AGREED to invest £50 million into the Copenhagen Infrastructure Partners (CIP V) fund.

ACTIONS:

Ravi to bring scheme of delegation to the next meeting.

Officers to seek Governance advice on a working group or sub committee to hold a further infrastructure manager selection.

7 PENSION FUND BUSINESS PLAN AND BUDGET

Ravi Lakhani presented this item highlighted the main points from the plan including the review of the contract with Aon.

The budget excludes investment returns, it has been increased with relevant allowances such as the 4% pay award and pension increase.

Members had questions on the admin costs listed in the report, to which officers explained that the cost of running the service includes the pension admin team, finance team admin staff, the oversight and governance cost associated with the funds custodians and audit costs.

ACTION Ravi to arrange training session for Members

AGREED the Pension Fund Business Plan and Budget for 2023-24.

8 FUNDING UPDATE

Aon introduced this item explaining that employers have been paying the new contribution rates from April this year.

The fund has been in a slightly improved position over the last 12 months. Investment returns have not been as good.

NOTED the report.

9 INVESTMENT STRATEGY UPDATE

Aon introduced this item highlighting the key points from the report. The strategy's is revisited every 3 years. Aon's approach to settling investment strategy is to discover the beliefs, develop a clearly defined return objective, deliver a portfolio focused on the objective, then review.

Aon will propose a dedicated session in quarter 3 of 2023 to look at delivering a portfolio based on the objectives set.

ACTION Officers to arrange a training day with Members of PPIC and Aon.

10 CASH INVESTMENT RECOMMENDATION

Ravi Lakhani presented the item explaining that there is currently a large cash balance which is residing in money market funds which can be withdrawn without any penalties.

It is recommended is to invest £35m into Blackrock Passive Gilts fund, £35m into all diversified liquid credit fund, this will leave the £44.7m balance remaining in cash. This allows for a quicker return without tying money up.

Members raised concern regarding potential conflicts of interest with advice coming from the same company that owns the fund. It was explained that Aon has a conflict of interest policy.

Action Aon to share the conflict of interest policy with PPIC

Agreed to invest £35 million into Blackrock Passive Gilts fund

Agreed for members to receive a note on due diligence done against AIL Diversified Liquid Credit fund. Subject to their being no objections the investment can be made.

11 CLIMATE SCENARIO ANALYSIS

Aon presented this item explaining the 5 potential climate change scenarios and its potential impact on assets and liabilities within the fund.

A review of the funds investment strategy will take place in the second half of

PENSION POLICY & INVESTMENT COMMITTEE - 19.7.2023

2023. The implications that arise from this should be considered in the Funds Investment Strategy.

Noted the report and part 2 appendices.

12 UPDATE ON ENFIELD PENSION FUND INVESTMENTS AND MANAGERS, ECONOMIC OUTLOOK

Ravi Lakhani presented this item. The value of the fund as of 31 March 2023 was £1.4m which was a £26.5m increase in the quarter.

Agreed to investigate the performance of the M&G inflation opportunities fund and receive assurances over future performance.

13 LOCAL PENSION BOARD UPDATE

Ravi Lakhani advised there were no concerns from the Local Pension Board.

Noted the Pension Board Budget and Business Plan.