

Pensions Advisory Panel

MINUTES of the OPEN section of the Pensions Advisory Panel held on Tuesday 26 March 2019 at 10.00 am at Meeting Room 225 - 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Victoria Mills (Chair)
Councillor Peter Babudu
Duncan Whitfield
Alex Moylan
Chris Cooper
Karim Jalali
Susan Greenwood, Mercer
Tom Bacon, Mercer

OFFICER SUPPORT: Jo Anson
Barry Berkengoff
David Cullinan
Mike Ellsmore
Virginia Wynn-Jones

1. WELCOME AND APOLOGIES

The chair welcomed everyone to the meeting.

There were no apologies.

2. CONFIRMATION OF VOTING MEMBERS

The members present were confirmed as the voting members.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.

4. MINUTES

RESOLVED:

That the open minutes of the pensions advisory panel meeting held on 13 November

2018 be agreed as a correct record and signed by the chair with the following amendment:

- Item 11 - that the action to align the report to the fund's responsible investment principles be noted as having been RESOLVED.

5. MATTERS ARISING

There were none.

6. QUARTERLY INVESTMENT UPDATE

There was a quarterly investment update from Mercer.

There was a discussion in relation to the fund's performance and the allocation of funds to different asset classes.

Officers undertook to bring a report on illiquid fund investment performance to a later meeting and then annually thereafter.

Officers undertook to bring back a report on Newton in autumn.

RESOLVED:

1. That the quarterly investment update be noted.

7. INVESTMENT STRATEGY IMPLEMENTATION AND REBALANCING - PROPERTY

Alex Moylan presented the report. There was a discussion on sustainability and affordability.

RESOLVED:

1. That the pensions advisory panel:
 - a) Noted the proposed change of approach in rebalancing to the strategic allocation for property.
 - b) Recommended the allocation of £15m each to existing Invesco and M&G UK Residential Property Funds.

8. INVESTMENT STRATEGY IMPLEMENTATION AND REBALANCING - EQUITY INVESTMENT

Alex Moylan presented the report. There was a discussion on transitioning to a fossil fuel exclusionary index.

RESOLVED:

1. The Pensions Advisory Panel recommended the transition of remaining developed

market equities, c. £140m, held in conventional passive market capitalisation weighted investment funds with Legal and General Investment Management and Blackrock into a market capitalisation weighted index with fossil fuel companies excluded.

9. INVESTMENT STRATEGY IMPLEMENTATION AND REBALANCING - SUSTAINABLE INFRASTRUCTURE

Alex Moylan presented the report. There was a discussion on upcoming interviews with potential investment funds on 29 April 2019.

RESOLVED:

1. The Pensions Advisory Panel:
 - Noted the shortlist of infrastructure Funds, identified by the Fund in conjunction with Mercer as Appendix A of the report.
 - Recommended that the Fund invite the following sustainable infrastructure managers to the formal interview session on 29 April with a view to committing up to £65m to one or more of the shortlisted Funds.
 - i. Blackrock – Global Renewable Power Fund III
 - ii. Colombia Threadneedle – European Sustainable Infrastructure Fund
 - iii. IFM Investors – International Infrastructure Fund
 - iv. Temporis Capital - Temporis Operational Renewable Energy Strategy.

10. PENSIONS ADMINISTRATION FUNCTION UPDATE

Jo Anson, Head of Financial and Information Governance, addressed the panel.

The hiring and retention of pensions staff was discussed; and the meeting considered the benefits of looking at hiring people without pensions experience and training them in role. There a series of internal workshops between pensions, payroll and HR representatives are ongoing to ensure clarity and understanding over roles and processes.

RESOLVED:

1. The Pensions Advisory Panel:
 - Noted this update on the pensions administration function.
 - Recommended the draft statement of administering authority discretions policies (appendix 3 of the report) to the strategic director of finance and governance for his approval.

11. LOCAL PENSION BOARD MEETING UPDATE

Duncan Whitfield, the strategic director of finance and governance, thanked the local pension board for their support, and noted that the board is serving a valuable purpose.

RESOLVED:

1. The Pensions Advisory Panel noted the update from the Local Pension Board (LPB) meeting of 23 January 2019.

12. RESPONSIBLE INVESTMENT AND ENGAGEMENT UPDATE

Alex Moylan introduced the report.

RESOLVED:

1. The Pensions Advisory Panel:
 - Noted the engagement work undertaken on behalf of the Fund by the Local Authority Pension Fund Forum (LAPFF) as set out in Appendix A to the report.
 - Noted the stewardship and engagement action taken by Southwark Pension Fund for the financial year to December 2018.

13. ANY OTHER BUSINESS

Meeting ended at 12.00 pm

CHAIR:

DATED: