

## **Pensions Advisory Panel**

MINUTES of the OPEN section of the Pensions Advisory Panel held on Wednesday 23 June 2021 at 3.00 pm at Online/Virtual

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**PRESENT:** Councillor Rebecca Lury (Chair)  
Duncan Whitfield  
Caroline Watson  
Chris Cooper  
Julie Timbrell  
Colin Cartwright  
Jonathan Taylor  
David Cullinan  
James Gilliland  
Jack Emery  
Andrew Weir

### **1. APOLOGIES**

Apologies were received from Councillor Eliza Mann (due to technical issues), Derrick Bennett, Mike Ellsmore and Barry Berkengoff.

### **2. CONFIRMATION OF VOTING MEMBERS**

Councillor Rebecca Lury, Caroline Watson and James Gilliland were confirmed as voting members at the beginning of the meeting.

### **3. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT**

There were none.

#### **4. DISCLOSURE OF INTERESTS AND DISPENSATIONS**

There were none.

#### **5. MINUTES**

##### **RESOLVED:**

That the minutes of the meeting held on 3 March 2021 be agreed as a correct record.

#### **6. INTRODUCTIONS**

Everyone present introduced themselves.

#### **7. ASSET ALLOCATION**

Caroline Watson, Senior Finance Manager, presented the report on the asset allocation of the Fund.

It was noted that £160 million had been transferred to the BlackRock Low Carbon Equity Fund in April and that the remaining passive developed market equities currently invested with Legal and General would be sold with the proceeds being transferred to the BlackRock Liquidity Fund, to be held until required to fund drawdowns for investment commitments.

It was also noted that the Fund had increased in value by £30 million since the previous quarter.

##### **RESOLVED:**

That the Fund's asset allocation at 31 March 2021 be noted.

#### **8. CARBON FOOTPRINT UPDATE**

Caroline Watson presented the report on the carbon footprint update.

It was noted that the Fund's carbon exposure had been reduced by 34% since September 2017. It was also noted that Newton had now fully divested fossil fuels from its mandate.

There was a discussion regarding the increase in the proportion of the value of the Fund invested in emerging market equities over the quarter. It was noted that this was as a result of market movements and that this allocation would shortly be

moved to a low carbon active fund, thereby reducing its carbon intensity going forward.

It was noted that the fund would see fluctuations like this until 2030 and that the Fund should not set hard targets as many global factors were out of the Fund's control.

**RESOLVED:**

That the Fund's updated carbon footprint as at 31 March 2021 be noted.

**9. QUARTERLY INVESTMENT UPDATE**

David Cullinan updated the panel. He advised that the Fund had performed well in the March quarter. It was noted that the Fund was in the top quartile of local authority pension funds.

Colin Cartwright and Jonathan Taylor from Aon addressed the panel. They provided an overview of the range of products that the Fund was invested in and how they rated these.

Caroline Watson advised that Aon were appointed as the investment advisors to the fund from 1 April 2021.

It was noted that Newton were behind on their target but that the target was an ambitious target.

**RESOLVED:**

That the quarterly investment updates be noted.

**10. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRIORITY ALLOCATION**

Colin Cartwright from Aon presented the report. He advised that Aon had researched some funds that were familiar to both Aon and Southwark officers.

There was a discussion regarding the suggestions in the report. It was noted that the Fund was targeting being carbon neutral by 2030 and that the asset allocation may require to go through multiple iterations in order to achieve this.

There was a discussion regarding the Fund's objectives in relation to social and governance issues when it comes to making investments. It was noted that the Fund had to be careful about excluding a wide range of investments as this would increase the overall risk.

It was noted that officers and Aon would hold a meeting with selected fund managers on 28 July 2021.

**RESOLVED:**

That the report on Environment, Social and Governance (ESG) Priority Allocation be noted.

**11. PENSIONS SERVICES UPDATE**

The Pensions Manager was not present and the panel noted the report.

**RESOLVED:**

That the update on the pensions administration function be noted.

**12. LOCAL PENSION BOARD UPDATE**

Duncan Whitfield, the Strategic Director of Finance and Governance advised that the local pension board were currently looking at a process in relation to declarations of interest. In addition, this would also be looked into, in relation to the pensions advisory panel.

There were no questions.

**RESOLVED:**

That the update from the local pension board (LPB) meeting of 7 April 2021 be noted.

**13. QUARTERLY ACTUARIAL FUNDING UPDATE**

Caroline Watson presented the report on the update.

It was noted that the funding level at 31 March 2021 was 111%.

**RESOLVED:**

That the updated funding position at 31 March 2021 be noted.

**14. ANY OTHER OPEN BUSINESS**

It was noted that the next meeting would take place on 29 September 2021.

The meeting ended at 4.08pm.

**CHAIR:**

**DATED:**