

Pensions Advisory Panel

MINUTES of the OPEN section of the Pensions Advisory Panel held on Wednesday 22 December 2021 at 1.00 pm at Online/Virtual via Microsoft Teams

PRESENT: Duncan Whitfield
Caroline Watson
Tim Jones
Roger Stocker
Derrick Bennett
Colin Cartwright
Jonathan Taylor
David Cullinan
Mike Ellsmore
Jack Emery
Andrew Weir

1. APOLOGIES

There were apologies from Barry Berkengoff, Pensions Manager, and Councillor Rebecca Lury.

2. CONFIRMATION OF VOTING MEMBERS

The officer voting members present were confirmed.

As there were no elected voting members present, Duncan Whitfield, the Strategic Director of Finance and Governance, suggested that the meeting should proceed and that no decisions would be taken. Those present agreed to this suggestion.

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

There were none.

At this point Duncan Whitfield welcomed Roger Stocker, the newly elected

representative for retired members.

Everyone then introduced themselves.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.

5. MINUTES

That the minutes of the meeting held on 29 September 2021 were noted. The minutes would be agreed at the meeting that would be scheduled for later in January 2022, when elected members of the panel would be present.

6. CARBON FOOTPRINT UPDATE

Jack Emery, CIPFA trainee, presented the report.

He advised that the results for September 2021 show that the Fund has reduced its weighted carbon exposure by 50% since September 2017. The movement of equities during the quarter to September 2021 from BlackRock passive emerging market holdings into the Comgest Global Emerging Markets Plus Fund had predominantly driven the reduction since the end of June 2021.

There was a discussion regarding measuring the carbon intensity of index linked gilts and also the Fund's property investments. Caroline Watson, senior finance manager, advised that she receives quarterly updates on the approach and progress of the Fund's direct property investments towards achieving net zero carbon within their holdings.

RESOLVED:

That the Fund's carbon footprint at 30 September 2021 be noted.

7. QUARTERLY INVESTMENT UPDATES

David Cullinan updated the panel. He advised that the Fund had performed in line with the index. Over the year the Fund had returned 16% and over the past ten years had returned around 10% per annum.

Colin Cartwright from Aon addressed the panel. He advised that the markets had performed well but warned that inflation was a concern and that interest rates were expected to rise. Jonathan Taylor from Aon added that Newton were overweight compared to their strategic allocation.

There was a discussion regarding the underweight of property in the Fund. It was

noted that property valuations tended to be conservative and that the real value of property investments was likely to be higher than stated.

There was also a discussion regarding the Competition and Markets Authority Order. Duncan Whitfield advised that Caroline Watson should consult with Mike Ellsmore, chair of the local pension board, regarding this matter.

RESOLVED:

That the quarterly investment updates be noted.

8. LAUNCH OF NET ZERO CARBON INVESTMENT STRATEGY

This item was deferred to a future meeting, to be scheduled for later in January 2022.

9. ESG PRIORITY ALLOCATION - UPDATE ON IMPLEMENTATION OF NEW INVESTMENTS (VERBAL UPDATE)

Caroline Watson gave a verbal update on the ESG priority allocation.

She advised that between April 2021 and January 2022 circa £380 million will have been moved to low or zero carbon products.

Following the decision made in September 2021 to invest in three new funds under the ESG priority allocation, it was confirmed that the due diligence process for all three funds have now been completed. The due diligence process for the Temporis Impact Fund V has also been completed and the majority of the commitment was drawn down in early December.

There was a brief discussion.

RESOLVED:

That the ESG priority allocation verbal update be noted.

10. PENSION FUND STATEMENT OF ACCOUNTS 2020-21

Caroline Watson, senior finance manager, presented the pension fund statement of accounts 2020-21 and draft audit findings report. It was noted that the accounts were still to be signed off.

Mike Ellsmore informed the panel that it was a great achievement for Caroline to have got to this position.

RESOLVED:

That the unaudited pension fund statement of accounts 2020-21 be noted.

11. QUARTERLY ACTUARIAL FUNDING UPDATE

Jack Emery presented the report.

The funding level at 30 September 2021 was 114% (114% at 30 June 2021). The surplus had decreased by £4 million in the quarter to September 2021. This small change was due to a slight fall in the net discount rate increasing liabilities. This had however mostly been offset by better than expected asset returns.

Roger Stocker asked if the Fund was on a buyout basis. It was confirmed that it was not.

12. LOCAL PENSION BOARD UPDATE (VERBAL UPDATE)

Mike Ellsmore gave a verbal update.

He advised that there had been a training session on additional voluntary contributions at the last meeting. He advised that he had requested Barry Berkengoff to do some communications with the members of the Fund on this topic.

He further advised that the updated CIPFA code of practice on knowledge and skills 2021 had also been looked at.

He also confirmed that he had been re-elected as the chair of the local pension board for a further year.

RESOLVED:

That the local pension board verbal update be noted.

13. PENSIONS SERVICES UPDATE

Barry Berkengoff had sent apologies. The report was noted.

RESOLVED:

That the pensions services update be noted.

14. ANY OTHER BUSINESS

There was a brief discussion regarding outcomes from COP26 and the impact that

this would have on the level of new products available.

The meeting ended at 2.31pm.

CHAIR:

DATED: