

## **Pensions Advisory Panel**

MINUTES of the OPEN section of the Pensions Advisory Panel held on Monday 31 October 2022 at 10.00 am at Meeting Room 225 - 160 Tooley Street, London SE1 2QH

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**PRESENT:** Councillor Andy Simmons (in the chair)  
Councillor Rachel Bentley  
Duncan Whitfield  
Caroline Watson  
Jack Emery  
Colin Cartwright  
Mike Ellsmore  
David Cullinan  
Roger Stocker  
Tim Jones  
Julie Timbrell  
Andrew Weir

### **1. APOLOGIES**

Apologies were received from Councillor Stephanie Cryan and Barry Berkengoff.

It was confirmed that, in the absence of Councillor Stephanie Cryan, Councillor Andy Simmons would chair the meeting.

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

Councillor Andy Simmons, Councillor Rachel Bentley and Caroline Watson were confirmed as voting members.

Everyone introduced themselves.

**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**

That the minutes of the meeting held on 3 March 2022 be agreed as a correct record

**6. INTRODUCTION TO NEW PENSIONS ADVISORY PANEL MEMBERS**

Everyone in attendance at the meeting had already introduced themselves at the beginning of the meeting.

**7. ASSET ALLOCATION**

Jack Emery, Divisional Accountant, Treasury & Pensions presented the report.

There were questions on the report and a discussion.

**RESOLVED:**

That the fund's asset allocation at 30 June 2022 be noted.

**8. CARBON FOOTPRINT UPDATE**

Jack Emery presented the report.

There were questions on the report and a discussion.

**RESOLVED:**

That the Fund's updated carbon footprint as at 30 June 2022 be noted.

**9. QUARTERLY INVESTMENT UPDATE**

David Cullinan updated the panel. He advised that the Fund had lost around 6% of its value over the quarter to June 2022. However, over the previous 10 years it

had gone from underperforming its benchmark to being above its benchmark.

Colin Cartwright from Aon then addressed the panel. He advised that Aon had not produced a funding update due to the fact that the Fund was currently going through its triennial actuarial process.

There were questions and a discussion regarding the recent market turbulence.

**RESOLVED:**

That the quarterly investment updates be noted.

**10. ZERO CARBON INVESTMENT STRATEGY: IMPLEMENTATION PROGRESS UPDATE**

Caroline Watson, senior finance manager, addressed the panel. The item was presented in reports 10.1, 10.2 and 10.3.

There were questions and a discussion on the reports.

During the discussions it was agreed that there should be an independent review of the impact on investment performance of the changes made to the investments to date in relation to the zero carbon strategy. It was agreed that this would be conducted next year.

**RESOLVED:**

Item 10.1:

1. That it be noted that the Fund's holdings in the Legal and General Investment Management (LGIM) Low Carbon Target Index Fund will be transitioned to the LGIM Low Carbon Transition Fund.
2. That the approach to this transition and the benefits to the Fund towards achieving its net-zero carbon target be noted.
3. That the enhancements to be implemented by BlackRock in the MSCI World Low Carbon Target Reduced Fossil Fuel Select Fund, and how this will assist the Fund in its journey towards achieving its net-zero carbon target, be noted.
4. That there shall be an independent review of the impact of the zero carbon policy on investment performance next year.

Item 10.2

1. That the options set out in this report to replace the Fund's strategic allocation to the BlackRock Dynamic Diversified Growth Fund (DDG) be

noted.

2. That the pensions advisory panel shall hold off making any concrete decisions with respect to the fund's holdings in the BlackRock DDG fund until the outputs and analysis generated as part of the upcoming investment strategy review are discussed at the December pensions advisory panel meeting.

#### Item 10.3

1. That the options set out in the report to replace the Fund's strategic allocation to the BlackRock Absolute Return Bond Fund (BARBF) be noted.
2. That the pensions advisory panel shall hold off making any concrete decisions with respect to the Fund's holdings in the BARBF until the outputs and analysis generated as part of the upcoming investment strategy review are discussed at the December pensions advisory panel meeting.

### 11. INVESTMENT STRATEGY REVIEW BRIEFING - AON

Colin Cartwright from Aon presented the report.

There were no questions.

#### **RESOLVED:**

That the investment strategy review briefing be noted.

### 12. PENSIONS SERVICES - ADMINISTRATION FUNCTION UPDATE

In the absence of Barry Berkengoff, Duncan Whitfield, the strategic director of finance and governance, gave an overview of the report.

There was a discussion regarding vacancies in the pensions team and data transfer issues in relation to new software that had been implemented.

Mike Ellsmore, the chair of the local pension board, confirmed that the pensions manager had reassured him that there was an action plan in place to address the six legal operational deadlines.

There was also a discussion regarding four recent complaints and how they had been managed.

#### **RESOLVED:**

1. That the update on the pensions administration function be noted.

2. That the complaint outcomes shall be included in future reports, as well as complaints raised.
3. That a copy of the action plan shall be provided at the March 2023 pensions advisory panel meeting.

### **13. LOCAL PENSION BOARD UPDATE**

Mike Ellsmore updated the pensions advisory panel on the last meeting of the local pension board.

It was agreed that the local pension board will review the cyber security of the council's systems, in relation to the security of pensions data, at a future meeting.

#### **RESOLVED:**

That the update from the local pension board (LPB) meeting of 6 July 2022 be noted.

At this juncture, there was a discussion regarding training.

It was suggested that a good way for members and other attendees to gain further knowledge was to attend fund manager events.

Caroline Watson advised that she would forward any events to members and attendees that she thought might be useful.

It was also requested that Caroline Watson circulate the TCFD consultation for the LGPS report, which was tabled at the 19 October 2022 meeting of the local pension board.

The meeting ended at 12.04pm.

**CHAIR:**

**DATED:**