

Pensions Advisory Panel

MINUTES of the OPEN section of the Pensions Advisory Panel held on Monday 5 December 2022 at 10.00 am at Meeting Room 225 - 160 Tooley Street, London SE1 2QH

PRESENT

Councillor Stephanie Cryan (Chair)
Councillor Rachel Bentley
Councillor Andy Simmons
Councillor Margy Newens (observing)
Duncan Whitfield
Caroline Watson
Jack Emery
Tim Jones
Julie Timbrell
Mike Ellsmore
David Cullinan
Colin Cartwright
Richard Antrobus
Lauren Wynn
Laura Caudwell
Andrew Weir

1. APOLOGIES

Apologies for absence were received from Barry Berkengoff, the pensions manager.

2. CONFIRMATION OF VOTING MEMBERS

Councillor Stephanie Cryan, 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

It was noted that the following pensions advisory panel members who are involved in agreeing and setting budgets for the council (as administering authority for the pension fund) had interests to declare in items 8 and 14 relating to the triennial actuarial valuation results:

Councillor Stephanie Cryan
Councillor Andy Simmons
Councillor Rachel Bentley
Duncan Whitfield
Tim Jones.

5. MINUTES

RESOLVED:

That the minutes of the meeting held on 31 October 2022 be agreed as a correct record.

6. ASSET ALLOCATION SEPTEMBER 2022

Jack Emery, Divisional Accountant, presented the report.

There were questions on the report and a discussion.

RESOLVED:

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

7. 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 September 2022 be noted.

8. 2022 TRIENNIAL ACTUARIAL VALUATION RESULTS - AON

Laura Caudwell and Loren Wynn from Aon presented the report.

There were questions on the report and a discussion.

RESOLVED:

- a) That the initial valuation results presentation attached as Appendix 1 be noted.
- b) That it be noted that scheme employers will have the opportunity to feedback on the amended funding strategy statement, via a consultation which will commence shortly.

9. QUARTERLY INVESTMENT UPDATE

David Cullinan presented his report and updated the panel. He advised that the fund's return over the quarter had been 0% but this was not bad considering the recent market volatility.

Colin Cartwright from Aon presented his report and updated the panel. He advised that 0% growth for the quarter was not a bad performance considering the market volatility.

There were questions and a discussion on the reports.

RESOLVED:

That the quarterly investment updates be noted.

10. INVESTMENT STRATEGY REVIEW - AON

Colin Cartwright from Aon presented the report.

There were questions on the report and a discussion.

RESOLVED:

1. That the recommendation agreed via email correspondence to extend the Fund's investments with Temporis Capital, by investing circa £30 million in the Temporis Renewable Energy Fund, subject to satisfactory completion of legal due diligence, be confirmed.
2. That the objectives and considerations for the investment strategy review as set out in full within closed Appendix A be noted.

3. That the following actions as part of the investment strategy review be confirmed:
 - i. Agree a new 10% strategic asset allocation to multi asset credit. The voting members of the panel shall conduct a manager selection exercise.
 - ii. Reallocate the 10% current strategic asset allocation to diversified growth funds to equities (5%) and multi asset credit (5%).
 - iii. Reallocate the 5% current strategic asset allocation to absolute return bonds to multi asset credit.
4. That the proposed framework, as set out in closed Appendix A, as a minimum set of requirements to be met prior to agreeing a new investment within the illiquid assets allocation be agreed.
5. That the modelling results, as set out in closed Appendix A, which set out the investment returns and value at risk for the current and proposed strategy be noted.
6. That the next steps as set out in the closed Appendix A be noted.

11. CMA ORDER - OBJECTIVES FOR THE FUND'S INVESTMENT CONSULTANT

Caroline Watson, senior finance manager, presented the report.

There were no questions.

RESOLVED:

1. That the requirements set out in the report for administering authorities to set objectives for their investment consultant and monitor these annually be noted.
2. That the objectives which have been set to comply with this requirement and the arrangements in place to ensure ongoing compliance be noted.
3. That the scoring mechanism as set out in Appendix 1 be noted.

12. PENSIONS SERVICES UPDATE

In the absence of Barry Berkengoff, the pensions manager, Duncan Whitfield, the strategic director of finance and governance, presented the report.

There was a brief discussion.

RESOLVED:

That the update on the pensions administration function be noted.

13. LOCAL PENSION BOARD UPDATE

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

RESOLVED:

That the update from the local pension board (LPB) meeting of 19 October 2022 be noted.

EXCLUSION OF THE PRESS AND PUBLIC

That the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in category 3 of paragraph 10.4 of the access to information procedure rules of the Southwark Constitution.

The following is a summary of the decisions taken in the closed part of the meeting.

14. 2022 TRIENNIAL ACTUARIAL VALUATION RESULTS - AON

The voting members of the pensions advisory panel considered the closed information relating to this item. Please see item 8 for the decision.

15. QUARTERLY INVESTMENT UPDATE

The voting members of the pensions advisory panel considered the closed information relating to the Aon presentation section of this item. Please see item 9 for the decision.

16. INVESTMENT STRATEGY REVIEW - AON

The voting members of the pensions advisory panel considered the closed information relating to this item. Please see item 10 for the decision.

The meeting ended at 11.55am.

CHAIR:

DATED: