

Pension Committee

Meeting held on Tuesday, 11 June 2019 at 10.00 am in Council Chamber, Town Hall,
Katharine Street, Croydon CR0 1NX

MINUTES

Present: Councillor Andrew Pelling (Chair);
Councillor Simon Hall (Vice-Chair);
Councillors Simon Brew, Robert Canning, Clive Fraser, Patricia Hay-Justice,
Yvette Hopley and Vidhi Mohan

Co-opted Members: Peter Howard and Charles Quaye

Also Present: Nigel Cook (Head of Pensions and Treasury), Matthew Hallett (Pension Fund
Investment Manager) and Lisa Taylor (Director of Finance, Investment and
Risk (S151 Officer)

PART A

30/19 Minutes of the Previous Meeting

The minutes of the meeting held on 9 May 2019 were agreed as an accurate record subject to the following corrections:

- 21/19: to have the word 'response' inserted to read, "The Committee RESOLVED to note its contentment with the consultation response as submitted"; and
- 26/19 (second paragraph): to have the word "to" replaced with "in" to read, "Committee Members discussed the challenges inherent in seeking to move towards a carbon neutral approach in the Fund's overall investments".

31/19 Disclosure of Interests

There were no disclosures of interests.

32/19 Urgent Business (if any)

There were no items of urgent business.

33/19 Exclusion of the Press and Public

The following motion was moved by Councillor Pelling and seconded by Councillor Hall to exclude the press and public:

"That, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information

falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.”

The motion was put and it was agreed by the Committee to exclude the press and public for the remainder of the meeting.

The Chair reordered the business of the Committee to take all that which was exempt together. The minutes of the meeting are in the order of the original agenda.

34/19 Progress report (Q4)

RESOLVED: The Committee AGREED the following:

1. To request information from officers on how income flows from infrastructure investments are inflation linked and the industrial investments that comprise part of portfolio;
2. To request a visit for the whole Committee to Schroders with the opportunity to ask questions; and
3. To note the Progress Report.

35/19 Valuation Cycle Consultation

The Chair proposed the motion to put the meeting back into public session. This was seconded by Mr Peter Howard, put to and agreed by the rest of the Committee.

The report on the valuation cycle was introduced by the Head of Pensions and Treasury who noted the Ministry of Housing, Communities and Local Government was consulting on amendments to the rules of the Local Government Scheme 2013. Support to shift to a four year cycle was highlighted.

RESOLVED: The Committee AGREED the recommendations as detailed in the report:

- Noted the consultation form the Ministry of Housing, Communities and Local Government; and
- Noted the Council would be responding to the consultation and that the response would be made by the Director of Finance, Investment and Risk in consultation with the Chair and Cabinet Member for Finance and Resources.

36/19 Minutes of the Previous Meeting (Part B)

The minutes (Part B) of the meeting held on 9 May were agreed as an accurate reflection subject to their correction to no longer make any statement regarding the communication of the CIV with the Chair of the Pension Committee.

37/19 Progress report (Q4) (Part B)

The Committee's discussion and resolution are as noted in item 34/19.

38/19 Investment Strategy Review

The representative from Mercer, continuing the presentation from the previous meeting, introduced the report noting that it was for the Pension Committee to determine the investment strategy in order to achieve growth balanced against the appetite for risk. The various strategic approaches were discussed (Alpha, Bar Bell, Increased Diversification and Risk Management) as well as reallocating income to generate growth and to protect against inflation.

Councillor Hall left the meeting at this point (at 11:55am).

Members discussed the complexities of the investment strategy and the desire to ensure that Environmental, Social and Governance requirements were fulfilled. The opinion of officers on infrastructure holdings was requested, and discussion undertaken on the management of long and short strategies and a risk management framework covering inflation, volatility and equity risk. Members also discussed derivatives, establishing a framework for evolving the strategy to reflect changes in markets and improving the Committee's knowledge on these factors.

The timings for keeping the investment strategy under review were discussed; it was recommended that the phasing be retained as currently captured in the Forward Plan but for this to shift back by one meeting cycle.

RESOLVED: The Committee AGREED to note the report and that it had benefited from discussion of the possibilities for the investment strategy including fixed income and infrastructure portfolios.

39/19 Verbal update: London CIV Emerging Market Fund

The Director for Finance, Investment and Risk provided a verbal update on the London CIV Emerging Market Fund.

The meeting ended at 12.30 pm

Signed:

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Date:

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