

Pension Fund Investment Sub-Committee

Monday 14 September 2020

Minutes

Attendance

Committee Members

Councillor John Horner

Councillor Neil Dirveiks

Councillor Bill Gifford

Councillor Wallace Redford

Officers

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance

John Cole, Trainee Democratic Services Officer

Aneeta Dhoot, Senior Finance Officer

Andrew Felton, Assistant Director - Finance

Liz Firmstone, Service Manager - Transformation

Shawn Gladwin, Senior Finance Officer Pensions Investment

Deborah Moseley, Senior Democratic Services Officer

Victoria Moffett, Lead Commissioner Pensions and Investments

Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)

Jane Pollard, Legal Service Manager (Corporate)

Sukhdev Singh, Principal Accountant

Others Present

Emily Archer, HarbourVest (Item 10 only)

Carolina Espinal, HarbourVest (Item 10 only)

Emma Garrett, Hymans Robertson

Peter Jones, Independent Investment Adviser

Jennie Moore, HarbourVest (Item 10 only)

Anthony Petalas, Border to Coast (Item 11 only)

Karen Shackleton, Independent Investment Adviser

Andrew Stone, Border to Coast (Items 11 and 12 only)

Richard Warden, Hymans Robertson

1. Appointment of Chair

Councillor Bill Gifford proposed that Councillor John Horner be Chair of the Sub-Committee and was seconded by Councillor Wallace Redford.

There were no other nominations.

Resolved

That Councillor John Horner be elected Chair of the Pension Fund Investment Sub-Committee

2. General

The meeting opened with a moment of reflection on the recent passing of the late Councillor Bob Stevens, a much valued Member of the Sub-Committee.

(1) Apologies

Councillor Andy Jenns

(2) Members' Disclosures of Pecuniary and Non-Pecuniary Interests

None.

(3) Minutes of the Previous Meeting

The minutes of the previous meeting were agreed as a true and accurate record. There were no matters arising.

(4) Minutes of the Meeting held on 8 June 2020

The minutes of the meeting held on 8 June 2020 were agreed as a true and accurate record. There were no matters arising.

3. Minutes of the Local Pension Board

The minutes of the meeting held on 21 July 2020 were noted and it was acknowledged that changes to the Local Pension Board Terms of Reference would be presented to the Council for approval. It was further noted that Local Pension Board Members were invited to pension related training activities.

4. Forward Plan

Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk), presented the report which set out the year ahead for the Sub-Committee. The forward plan reflected a change in approach in terms of simplification to a single investments/fund performance monitoring report each quarter and the quarterly monitoring of risk. Officers were also working towards a more formal timetable of policy review dates as it was key to good governance to ensure that policies were consciously reviewed to ensure that they remained correct by design not chance. As more work was required on the Cyber Security Policy, it was hoped to present this to the Local Pension Board meeting in October and to Staff & Pensions Committee in December.

Resolved

The Pension Fund Investment Sub-Committee noted the forward plan.

5. Risk Monitoring

Victoria Moffett, Lead Commissioner Pensions and Investment, presented the last quarter's risk registers to the Sub-Committee which included the separate general risk register and Covid risk register in one report to provide some consistency. In terms of changes, the Sub-Committee's attention was drawn to the long term asset values which had rebounded since the end of March but volatility remained high in markets which affected bonds and equities. The Scheme Actuary uses UK government bond yields to set the discount rate for measuring liabilities. As these yields went down, the expected present value of the liabilities went up.

In response to a question, it was agreed to investigate Border to Coast operational policies further and it was agreed that this warranted a line on the risk register.

The asset values as set out in the report gave a flavour as to where it was thought risks existed and why it was felt that they had not changed from the previous quarter even though changes were seen from the original February assessment.

Attention was drawn to the appendix to the report which set out the mitigation actions to each item on the risk register. In response to a question, the Sub-Committee were advised that the amber rating was considered a fair representation. In relation to the progression of the pandemic, it was considered that there was some clarity on some aspects of risk, eg the ability for the service to function with staff working from home, and fears about loss of wifi connection were mitigated by the geographical spread of staff alongside the Warwickshire County Council Business Support.

Resolved

That the Pension Fund Investment Sub Committee noted the report.

6. Reports Containing Exempt or Confidential Information

Resolved

That members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972.

7. Responsible Investment

Emma Garrett, Hymans Robertson presented the report to the Committee which outlined options available for monitoring the Fund's Responsible Investment and Environmental, Social and Governance credentials. The report explained the actions the Fund would need to take to show compliance with its signatory status to the UK Stewardship Code 2020.

Resolved

That the Pension Fund Investment Sub-Committee noted the report and asked for their comments on the recommendations on page 8 to be taken forward.

8. Investment Consultant Quarterly Report

Emma Garrett, Hymans Robertson, presented the report which included the Quarterly Funding and Investment Report for the period ending 30 June 2020.

Resolved

That the Pension Fund Investment Sub-Committee:

1. Noted the attached presentations.
2. Approves the recommendations to rebalance the Fund's portfolio.
3. Delegates authority to authorise the transition of assets to the Strategic Director for Resources.

9. Investment Performance Report to 30 June 2020

Victoria Moffett, Lead Commissioner Pensions and Investment, presented this report.

Resolved

That the Pension Fund Investment Sub-Committee notes the fund value and investment performance for the first quarter of 2020/21 to 30 June 2020.

The meeting adjourned at 11.45am until 11.53am.

10. Private Equity Manager (HarbourVest) Presentation

Emily Archer, Carolina Espinal and Jennie Moore from HarbourVest attended the meeting for this item and gave a presentation which had been published at appendix 2 to the report.

Resolved

That the Pension Fund Investment Sub-committee noted the presentation.

11. Border to Coast Update

Karen Shackleton left the meeting during this item.

Andrew Stone and Anthony Petalas of Border to Coast attended to give this presentation.

Resolved

That the Pension Fund Investment Sub-committee:

1. Noted the report.
2. Formally ratifies a £75,000 one-off additional budget allowance to Border to Coast Pensions Partnership. This will be used to continue developing the UK and Global property fund propositions.

12. Pooled Fund Manager Presentation - Border to Coast Pensions Partnership (BCPP)

Councillor Wallace Redford left the meeting at the commencement of this item at 1.03pm.

Andrew Stone of Border to Coast provided an update to the Sub-Committee.

Resolved

That the Pension Fund Investment Sub-Committee noted the presentation attached to the report.

13. Exempt Minutes of the Meeting held on 8 June 2020

The exempt minutes of the previous meeting were agreed as a true and accurate record. There were no matters arising.

The meeting rose at 1.18pm

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Chair