

Pension Fund Investment Sub-Committee

Monday 14 December 2020

Minutes

Attendance

Committee Members

Councillor John Horner (Chair)
Councillor Bill Gifford (Vice-Chair)
Councillor Neil Dirveiks
Councillor Andy Jenns
Councillor Wallace Redford

Officers

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance
Kudzai Chengeta, Pensions Assistant
Aneeta Dhoot, Senior Finance Officer
Andrew Felton, Assistant Director – Finance
Liz Firmstone, Finance Service Manager - Transformation
Shawn Gladwin, Senior Finance Officer Pensions Investment
Victoria Moffett, Pensions and Investments Manager
Deborah Moseley, Senior Democratic Services Officer
Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)
Jane Pollard, Legal Service Manager (Corporate)
Sukhdev Singh, Principal Accountant

Others Present

Robert Bilton (Hymans Robertson)
Ryan Boothroyd (Border to Coast)
Jim Caulkett (BNY Mellon)
Emma Garrett (Hymans Robertson)
Peter Jones (Independent Advisor)
Karen Shackleton (Independent Investment Adviser)
Andrew Stone (Border to Coast)
Richard Warden (Hymans Robertson)
Calvin Whear (BNY Mellon)

1. General

(1) Apologies

None.

(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.

2. Forward Plan

Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk), presented this report which provided an updated forward plan for the Pension Fund Investment Sub Committee, rolled forward to cover the year ahead. The content of the plan was being gradually improved and the plan was now a more sophisticated document that included a schedule of fund manager presentations and policy reviews.

Members commented that they would welcome the inclusion of a training programme and it was agreed that in future the plan would include training dates and that a broad invite to attend training sessions would continue to be extended to Members sitting on Staff and Pensions Committee and the Local Pension Board.

Karen Shackleton commented that the plan suggested an item on Environmental, Social and Governance / Responsible Investment / Climate Risk in June 2021 and it would be likely that a consultation on the Task Force for Climate Related Financial Disclosures (TCFD) would be taking place around that time. Ms Shackleton felt that it would be helpful to note this against the item and consider a review of how existing managers were aligned to the TCFD recommendations in advance of or alongside the consultation.

Resolved

That the Pension Fund Investment Sub-Committee noted the report.

3. Risk Monitoring

Victoria Moffett, Lead Commissioner Pensions and Investments presented this report which provided an update on the risks to the Fund and actions taken to manage them. It covered both the general risk register and the COVID-19 risk register with a focus on changes, developments, and management actions. The report included a summary of the two risk registers and comparison of how risks had changed since the original assessments in February and March.

Councillor Bill Gifford sought clarity on the assertion that cyber crime had not materially affected the fund and was advised that whilst members of the team had received some phishing emails, and on the limited occasions links had been clicked on, Warwickshire County Council's ICT Team had stepped in and no breaches had occurred as a result.

Reflecting on the RAG rating system applied to the register, Sub-Committee members were pleased to see some significant (red) risks had reduced to a moderate level (orange) and felt that,

in light of the pandemic, the assessment of risk was as expected. The Pensions Team were congratulated on their efforts to keep business as usual as far as possible and for reducing the effects of some of the challenges posed by the pandemic.

Resolved

That the Pension Fund Investment Sub-Committee noted the report.

4. 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.

5. General Activity Update

Resolved

1. That the Pension Fund Investment Sub-Committee noted the report;
2. That the Pension Fund Investment Sub-Committee agreed the Competition and Markets Authority's wording that the Fund has investment consultant objectives in place (Appendix 2 to the report); and
3. That the Pension Fund Investment Sub-Committee formally approved the updated Scheme of Delegation (Appendix 3 to the report)

6. Investment and Fund Performance

Resolved

1. That the Pension Fund Investment Sub-Committee noted the presentations.
2. That the Pension Fund Investment Sub-Committee continued to provisionally allocate 10% of the Fund's portfolio to Border to Coast Pension Partnership's ("BCPP") Multi-Asset Credit Fund ("MAC").
3. That the Pension Fund Investment Sub-Committee approved the recommendation to allocate 2.5% of the Fund's portfolio to the PIMCO Diversified Income Fund ("DIF"), in January 2021 in advance of the transition to BCPP's MAC (earliest likely transition is July 2021).
4. That the Pension Fund Investment Sub-Committee delegated authority to authorise the transition of 2.5% of assets to the PIMCO DIF to the Strategic Director for Resources.

7. LGPS Pooling

Resolved

1. That the Pension Fund Investment Sub-committee noted the report.
2. That the Pension Fund Investment Sub-committee noted the performance issues with the Global Equity Alpha Fund.

8. Border to Coast Presentation

Resolved

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

9. Custodian Presentation - Bank of New York Mellon

Resolved

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

10. Exempt Minutes of the Previous Meeting

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

The meeting rose at 1.04pm

.....
Chair