

Pension Fund Investment Sub-Committee

Monday 4 March 2024

Minutes

Attendance

Committee Members

Councillor Christopher Kettle (Chair)
Councillor Brian Hammersley
Councillor Sarah Millar
Councillor Mandy Tromans

Officers

John Cole, Senior Democratic Services Officer
Jan Cumming, Senior Solicitor and Team Leader, Commercial and Contracts
Martin Griffiths, Technical Specialist – Pension Fund Policy and Governance
Paul Higginbotham, Investment Analyst – Pensions and Investment
Rob Powell, Executive Director for Resources
Becky Robinson, Lead Commissioner – Treasury and Investment

Others Present

Frank Eich, Independent Advisor
Anthony Fletcher, Independent Advisor
James Glasgow, Hymans Robertson
Councillor George Jabbour (North Yorkshire Council), Vice Chair of the Border to Coast Pensions Partnership Joint Committee
Anthony Kerr, Independent Advisor
Dave Knight, Border to Coast Pensions Partnership
Joe McDonnell, Border to Coast Pensions Partnership
Philip Pearson, Hymans Robertson
Richard Warden, Hymans Robertson

1. General

The Chair welcomed Councillor George Jabbour of North Yorkshire Council to the meeting, stating that Councillor Jabbour had recently been appointed as Vice Chair of the Border to Coast Pensions Partnership Joint Committee. He highlighted the knowledge and experience that Councillor Jabbour would bring to this role.

On behalf of the Sub-Committee, the Chair expressed thanks to Martin Griffiths (Technical Specialist – Pension Fund Policy and Governance) who would leave the Authority before the date

of the next meeting. He praised the high quality of support Martin had provided to the Sub-Committee and gave his best wishes.

As the length of the agenda made it likely that the meeting would be longer than usual, the Chair moved that the Sub-Committee resolve for the meeting to continue beyond three hours' duration. Councillor Hammersley seconded the motion which was unanimously accepted.

(1) Apologies

Apologies for absence were received from Councillor Bill Gifford and Chris Norton (Head of Investments, Audit and Risk).

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

There was none.

(3) Minutes of the Previous Meeting

Resolved:

That the minutes of the meeting held on 11 December 2023 be approved as an accurate record and signed by the Chair.

There were no matters arising.

2. Review of the Minutes of the Warwickshire Local Pension Board Meeting of 24 October 2023

Resolved:

That the Pension Fund Investment Sub-Committee notes the minutes of the Local Pension Board meeting of 24 October 2023.

3. Pension Fund Governance Update Report

Martin Griffiths (Technical Specialist – Pension Fund Policy and Governance) introduced this report which provided updated governance information including details of Warwickshire Pension Fund's Forward Plan, risk monitoring, policies, and training. He drew members' attention to the Net Risk Chart on page 3 of the report and highlighted that, following a review of the Risk Register by officers, it had been resolved to upgrade 'Governance Failure' to a red risk. This change had not been made due to any significant financial issues but had come about to ensure compliance with new legislation introduced by the Pensions Regulator. He thanked members for completing the Knowledge and Skills Assessment. The findings of the Assessment had been received from Hymans Robertson and would be used to develop the training programme.

The Chair noted that Climate Change was listed as the most severe risk for both impact and likelihood within the Net Risk Chart. He highlighted the seriousness of climate change which was treated as a priority by the Fund with a focus on risks and mitigations.

Paul Higginbotham (Investment Analyst – Pensions and Investment) stated that continued progress had been made to transition to low-carbon with guidance from advisors on approaches to achieve this objective. Work was also underway with Border to Coast Pensions Partnership (BCPP) to reduce carbon impacts. The Fund was moving quickly, and the pace of the transition would continue to be an area of focus.

Councillor Millar highlighted that recent analysis by the Confederation of British Industry (CBI) and others had shown that acceleration of green growth would lead to increased economic activity, delivering both environmental and economic benefits.

In response to Councillor Hammersley, Martin Griffiths advised that Cyber Security would remain as a red risk for the foreseeable future. New threats in this area were constantly emerging.

In response to the Chair, Paul Higginbotham advised that 'Long term asset values do not meet expectations' had been included as a red risk on the Net Risk Chart in recognition of the risks presented by factors outside of the Fund's control, such as war, oil price shocks, and geopolitical considerations.

James Glasgow (Hymans Robertson) stated that it was not possible to insure against all potential shocks to markets. However, the Fund was in a good position.

Rob Powell (Executive Director for Resources) stated that there were external factors outside of the Fund's control. The Fund was operating in a volatile environment, and current economic conditions meant that there was a need to remain vigilant.

Resolved:

That the Pension Fund Investment Sub-Committee notes the contents of 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 Part 1 of Schedule 12A of the Local Government Act 1972.

Councillor George Jabbour left the meeting at this point.

5. Macroeconomic Update

The Sub-Committee held a confidential discussion.

6. Quarterly Investment Monitoring Report

The Sub-Committee held a confidential discussion.

7. Warwickshire Pension Fund Cashflow Management

The Sub-Committee held a confidential discussion.

8. Commitments to Alternative Assets, BTC Series 2c, Climate Opportunities Fund 2 and UK Opportunities Fund

The Sub-Committee held a confidential discussion.

9. Presentation from Joe McDonnell, Chief Investment Officer of Border to Coast Pensions Partnership

The Sub-Committee held a confidential discussion.

10. General Activity Update

The Sub-Committee held a confidential discussion.

11. Exempt Minutes of the Previous Meeting

Resolved:

That the exempt minutes of the meeting held on 11 December 2023 be approved as an accurate record and signed by the Chair.

There were no matters arising.

The meeting rose at 16:42.

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Chair