

PENSIONS COMMITTEE
Tuesday, 19 March 2024

Minutes of the meeting of the Pensions Committee held at Committee Room - 2nd Floor West Wing, Guildhall on Tuesday, 19 March 2024 at 2.00 pm

Present

Members:

Deputy Timothy Butcher (Chairman)
David Sales (Deputy Chairman)
Clare James
Deputy Henry Pollard
Deputy Christopher Boden
Timothy James McNally

Officers:

Kate Limna	- Chamberlain's Department
Graham Newman	- Chamberlain's Department
Amanda Luk	- Chamberlain's Department
Sarah Port	- Chamberlain's Department
Raquel Pinto	- Town Clerk's Department

In attendance:

Steve Turner – Mercer
Gregory Hall – Mercer
Deputy Madush Gupta

1. APOLOGIES

Apologies were received from Deputy Madush Gupta, who was observing online.

The Chairman welcomed the new Members to the Committee, Deputy Christopher Boden and Timothy McNally. The Chairman also welcomed Steve Turner from Mercer who is the interim Investment Consultant following Lucy Tusa's departure. The Chairman wished to extend the Committee's thanks to Lucy Tusa (Mercer) for all her work.

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no declarations.

3. MINUTES

RESOLVED:

- That the public minutes and non-public summary of the Pensions Committee meeting on 21 November 2023 be approved as an accurate record.
- That the draft public minutes and non-public summary of the Local Government Pensions Board meeting on 19 January 2024 be noted.

4. **WORK PROGRAMME**

The Committee considered a report of the Chamberlain detailing a forward-looking Pensions Committee work programme.

RESOLVED: That Members: -

- Received the report and noted its content.

5. **RISK REGISTER FOR THE PENSIONS COMMITTEE**

The Committee considered a report of the Chamberlain which reviewed the Risk Register for the Pensions Committee, and asked Members of the Committee to review the risks and actions and confirm that appropriate measures are in place.

The Committee noted that there had been one change in the register, which related to the McCloud Remedy (CHB009) with the risk being reduced from 16 (red) to 12 (amber) as a result of the regulations around McCloud being issued.

A Member raised a query round the clarity of the risk matrix commentary (p21 of the agenda pack), particularly for the “Likelihood” criteria and how the numerical figures were achieved, as this was not easy to understand. Members were advised that this matrix is the City’s corporate standard, which looks at both impact and likelihood. Officers would take this point away and come back with a response.

A Member asked why currency exchange risk was not included in the risk register as some underlying assets of the Pension Fund were held in foreign currency or based on assets denominated in foreign currencies. The Chamberlain assured Members that the vast majority of the Pension Fund was invested in funds that are in sterling, not US Dollars, and therefore the Fund did not undertake any currency hedging so this was not an issue. It was understood that any investments in foreign currencies would be hedged back into sterling, however Mercer would review and confirm. Mercer advised that for any future new investments, currency risk would be considered as part of the suitability of the investment. Officers agreed to consider whether or not a reference to currency risk should be included in the risk register.

It was suggested that consideration should be given to the inclusion of a risk on a potential change of government to acknowledge the impact this may have.

A Member noted that CHB001, which looked at the Pension Fund’s absolute return needed updating due to the triennial valuation. The Member also enquired with regards to cyber risk, if there was an incident response plan for pensions. The Chamberlain advised that there was not a specific plan for pensions, but there was a corporate City of London risk plan which covered pensions. Officers agreed to confirm this.

RESOLVED: That Members: -

- review the existing risks and actions present on the Pensions Committee's Risk Register, and confirm that appropriate control measures are in place;
- Task Officers to look into whether or not currency risk should be included in the Risk Register;
- and confirm that following consideration of the above changes that there are no further risks relating to the services overseen by the Pensions Committee.

6. **PENSION SCHEME ADMINISTRATOR'S UPDATE**

The Committee received a report of the Chamberlain providing a summary of general information around a range of topics in relation to the administration of the Scheme since the last Committee meeting.

Members noted that since the Committee papers had been published, an Internal Dispute Resolution Procedure (IDRP) case had been received, and an update would be provided in the non-public session of the meeting.

RESOLVED: That Members –

- Received the report and noted its content.

7. **INVESTMENT CONSULTANT STRATEGIC OBJECTIVES (PREVIOUSLY CMA) - ANNUAL REVIEW**

The Committee considered a report of the Chamberlain which updated the Committee on the performance of the Fund's Investment Consultant.

The Chamberlain explained that the CMA's (Competition & Market Authority's) Investment Consultancy and Fiduciary Management Market Investigation Order 2019, required administrative authorities of the Local Government Pensions Scheme (LGPS) to set strategic objectives for its consultants. These had been reviewed with Mercer, and Officers were pleased with the work produced by the consultant. The Chamberlain was seeking delegation from the Committee to sign the Compliance statement.

RESOLVED: That Members –

- Approve the Investment Consultant Review for 2023.
- Delegate authority to the Chamberlain to sign the Compliance Statement.

8. **GOVERNMENT RESPONSE - DLUHC CONSULTATION ON LGPS**

The Committee received a report from the Chamberlain which provided a summary of the Government's response issued on the 22 November 2023, following DLUHC's consultation on the Local Government Pension Scheme.

The Chairman suggested that for the Committee to be able to discuss the item fully, it be moved to the non-public section of the meeting. The Committee unanimously agreed.

RESOLVED: That Members –

- Received the report and noted its content.

9. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

10. **ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT**

The Chairman advised that there was a clerical error, and that the Committee's Terms of Reference were included in the Non-Public Report of Action Taken at item 20 (a). The Chairman invited Members to note the item at this stage and advised this would be made public.

RESOLVED – That the Committee's Terms of Reference be noted.

11. **EXCLUSION OF THE PUBLIC**

RESOLVED- That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

12. **MINUTES**

RESOLVED:

- That the public minutes and non-public summary of the Pensions Committee meeting on 21 November 2023 be approved as an accurate record.
- That the draft public minutes and non-public summary of the Local Government Pensions Board meeting on 19 January 2024 be noted.

13. **TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT TO 31 MARCH 2023**

The Committee received a joint report of the Chamberlain and the Executive Director of Innovation & Growth, which provided the Pensions Committee with the City's second '*Climate Action - Managing Climate Risk for our Financial Investments*' (TCFD) report following its first publication 2021.

14. **PRI 2023 ASSESSMENT REPORT UPDATE**

The Committee received a report of the Chamberlain which introduced the Principles for Responsible Investment (PRI) Assessment Report for 2023.

15. **PERFORMANCE MONITORING**

The Committee received a presentation from Mercer regarding the Pension Fund Quarterly Monitoring Report Q4 2023 and a report of the Chamberlain relating to the Investment Performance of the Pension Fund as at 31 January 2024.

16. **LCIV UPDATE**

The Committee received a report of the Chamberlain providing an update on the London CIV, the asset pool operator for London LGPS Funds and in which the Pension Fund is invested in.

17. **LCIV GLOBAL ALPHA GROWTH FUND (BAILLIE GIFFORD) - MERCER'S REVIEW**

The Committee considered a report of the Chamberlain which provided Members of the Committee with a deep dive into the manager of the London CIV Global Alpha Growth (GAG) Fund, managed by Baillie Gifford.

18. **PENSION FUND CASHFLOW FORECAST 2023/24 TO 2026/27**

The Committee considered a report of the Chamberlain which detailed the cashflow for the Pension Fund for the four-year period 2023/24 to 2026/27.

19. **ACTUARIAL TENDER**

The Committee received a report of the Chamberlain, which reviewed the timeline for tendering the actuarial services contract.

20. **REPORT OF ACTION TAKEN**

The Committee received a report of the Town Clerk which advised Members of action taken by the Town Clerk in consultation with the Chairman and Deputy Chairman, in accordance with Standing Order Nos. 41(a) and 41(b) since the last meeting.

RESOLVED: That Members

- Received the report and noted its content.

21. **NON-PUBLIC APPENDIX - PENSION SCHEME ADMINISTRATOR'S UPDATE**

The Committee received a non-public appendix which was read in conjunction with agenda item 6.

22. **NON PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

23. **ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT AND THAT THE COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

Three items were raised relating to correspondence received regarding divesting from companies involved in Israel/Gaza, an IDRPs case and the DLUHC response to consultation paper.

The meeting ended at 15:56.

Chairman

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