

## MINUTES OF A MEETING OF THE PENSIONS COMMITTEE

WEDNESDAY 15 JUNE 2022

- Councillors Present:** Councillor Kam Adams in the Chair  
Cllr M Can Ozsen, Cllr Robert Chapman,  
Cllr Lynne Troughton  
Cllr Margaret Gordon (Joined virtually)
- Co- Optees:** Jonathan Malins-Smith
- Apologies:** Cllr Grace Adebayo and Cllr Ian Rathbone
- Officers in Attendance:** Andrew Jackson (Legal Team), Ian Williams (Group Director of Finance and Corporate Resources), Jackie Moylan (Director of Financial Management), Michael Honeysett (Interim Head of Pensions), Rachel Cowburn (Head of Pensions), and Rabiya Khatun (Governance Officer)
- Also in Attendance:** Alex Lake (Trucost)  
Andrew Johnston (Consultant, Hymans Robertson)  
Laura McInroy (Hymans Robertson)  
Karen McWilliam (Governance Consultant, Aon)  
Jon Wilson and Stuart Kohler (Equiniti)

### 1 Apologies For Absence

- 1.1 Apologies for absence were received from Cllr Grace Adebayo, Cllr Ian Rathbone and Henry Colthurst.
- 1.2 Apologies for lateness was received from Cllr Gordon.

### 2 Appointment of the Chair and Vice- Chair for the Municipal Year 2022/23

- 2.1 The Chair thanked Cllr Rob Chapman for the excellent work that he has done while he was the chair of this committee and as a Vice-Chair continuing to share his rich knowledge at future meetings.

#### RESOLVED:

To note the confirmed appointment to the position of Chair – Councillor Kam Adams and Vice-Chair - Councillor Robert Chapman for the Municipal Year 2022/23, as agreed by Full Council at its Annual Meeting on 25 May 2022.

### 3 Terms of Reference

3.1 Members considered the terms of reference of the Pensions Committee.

**RESOLVED:**

**To note the terms of reference of the Pensions Committee for the Municipal Year 2022/23.**

**4 Declarations of Interest - Members to declare as appropriate**

4.1 Karen McWilliam, Aon, gave a short introduction to the declaration of interests and the Committee's fiduciary duties, and the introductory training sessions for Members. The declaration of interest forms would be sent to Members by email as the Pension Fund was required to maintain its own records.

4.2 The following Members had the following disclosable interests for the municipal year 2022/23:

- Cllrs Chapman, Hayhurst and Troughton declared that they were members of the LGPS;
- Cllr Gordon and Jonathan Malins-Smith declared that they were deferred members of the LGPS; and
- Cllr Adams declared that his wife was a member of the LGPS.

**5 Consideration of The Minutes of The Previous Meeting**

5.1 Members considered the previous minutes of the meeting held on 10 March 2022.

**RESOLVED:**

**That the minutes of the Pensions Committee held on 10 March 2022 were approved as a correct record.**

**6 Carbon Risk Audit 2022 - Full Results Carbon Risk Audit**

6.1 The Head of Pension Fund Investments and Actuarial introduced the report and Alex Lake from Trucost gave a short presentation on the analysis of the audit and answered questions from members.

6.2 Councillor Chapman thanked Committee Members and officers for their work in exceeding the Fund's target of 50% reduction.

**RESOLVED:**

**To note the reduction in exposure to future CO2 emissions by 96.9% since 2016, which significantly outperforms the Fund's target of a 50% reduction.**

**7 Responsible Investment - Next Steps**

7.1 The Head of Pensions introduced the report setting out the next steps in the Fund's Responsible Investment work programme including a progress update on the development of the Fund's Taskforce on Climate-related Financial Disclosures (TCFD) reporting and proposals for the Fund's Responsible Investment Working Group.

- 7.2 In response to questions from members, the Head of Pensions responded that they would be advertising for the role in the summer and that any interested member of the Committee could attend and observe the working group, which would comprise of two councillors and two officers. Officers were meeting with other London Funds to look at aligning the Pension Fund's carbon targets with other London Funds by the end of 2022. The government had not yet committed to any timescale when the TCFD recommendations would become a requirement for LGPS.

**RESOLVED to:**

- 1. Note the timeline for the development of TCFD reporting and note the Fund's involvement in setting up a London-wide working group**
- 2. Note the suggestion to introduce a new carbon reporting target once the first assessment of the Fund's portfolio under TCFD reporting is complete**
- 3. Approve the proposals for the constitution of the Responsible Investment Working Group.**

**8 Quarterly Update Report**

- 8.1 The Interim Head of Pensions introduced the report.
- 8.2 In response to questions from members, it was reported that there had been a rise in gilt yields in Quarters 1 and 2 and a reduction in the Fund's liabilities. The Fund had 0.05% of Russian related assets that could not be divested from. Following the GMP exercise, it was a statutory duty for the Fund to reduce any pensioner overpayment. The Sharia Fund like AVCs was an investment product that the Council would not contribute to but could be offered to members as an alternative choice for those that had expressed concerns joining the LGPS.

**RESOLVED:**

**That the contents of the report be noted.**

**9 Equiniti - Third Party Administration Performance Update**

- 9.1 The Head of Pensions introduced the report. Jon Wilson and Stuart Kohler from Equiniti gave a presentation on Third Party Administration contract performance.
- 9.2 The representatives from Equiniti and Head of Pensions responded to members' questions. It was an employer's responsibility to submit their data and Equiniti and Hackney had taken a partnership approach in educating employers about the data to be submitted with 80% of employers expected to submit their data electronically. The fees paid to Equiniti did not impact on members as the LGPS was a defined benefit pension scheme and members' contributions were set following an actuarial valuation and at a national level. The fees were necessary when considering future contracts and ensuring the service delivered value for money. Equiniti was working towards ensuring that they could meet the legal timescale for issuing annual benefit statements to all active and deferred scheme members, and making members information and statements accessible from mobile applications. Equiniti was making improvements especially in the issuing of statements within the legal timescale and had employed a dedicated officer with LGPS knowledge and experience to

ensure it was in compliance with LGPS requirements in future. Equiniti was improving the accuracy of the information it received by removing the manual processes and requiring employers to send their data through an automated and digitalised system to eradicate many of the historical issues that currently existed. Equiniti had undertaken an employee engagement survey and had received positive responses. They expected improvements in the contract performance within months and agreeing a way forward from 2023.

**RESOLVED:**

**That the contents of the report be noted.**

**10 2022 Actuarial Valuation - Council Contribution Rate**

10.1 Agenda item 10 was moved to the end of the agenda due to the exempt information contained within the appendices to the report.

**11 Investment Strategy Review - Introduction**

11.1 Andrew Johnston, Hymans Robertson presented the report and gave a short presentation on the introduction to investment strategy setting.

11.2 In response to questions from members, Andrew Johnston responded that the government bonds, gilts and index linked gilts were low risk investments and that the Committee should be investing in assets that meet the Pension Fund's objectives to ensure that pension benefits could be paid in the future. It was important to look at the current asset allocation and strategy but the Committee could explore local investments, such the LCIV Sustainable Fund. Responsible investment had been identified as an area of priority, which could support the local economy and jobs.

**RESOLVED:**

**That the contents of the report be noted.**

**12 Reporting Breaches Procedure - Policy Review**

12.1 Karen McWilliam, Governance Consultant, Aon, introduced the report

**RESOLVED:**

**To approve the updated Reporting Breaches Policy.**

**13 Procurement and Contracts Update**

13.1 The Head of Pensions introduced the report providing an update on the procurement process for the Fund's investment consultancy services contract currently provided by Hymans Robertson, which was due to be re-procured during 2022 including setting out a timetable for Member involvement in the process.

**RESOLVED:**

**That the contents of the report be noted.**

**14 Future Pensions Committees Forward Look**

14.1 Members considered the Committee's future Forward Look.

**15 Any Other Business Which in The Opinion Of The Chair Is Urgent**

15.1 There was no other urgent business.

**16 Exclusion of The Press And Public**

**RESOLVED:**

**THAT the press and public be excluded from the proceedings of the Committee during consideration of Exempt Items 10 and 17 on the agenda on the grounds that it is likely, in view of the nature of the business to be transacted, that were members of the public to be present, there would be a disclosure of exempt business as defined in paragraph 3 of Part 1 of schedule 12A of the Local Government Act 1972, as amended.**

**17 Consideration of the Exempt Minutes of the Previous Meeting**

17.1 Members considered the previous exempt minutes of the meeting held on 10 March 2022.

**RESOLVED:**

**That the exempt minutes of the Pensions Committee held on 10 March 2022 were approved as a correct record.**

**Duration of the meeting:** 18.30 -22.00 hours

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