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Please note: This was a fully remote meeting held using Microsoft Teams software and 'livestreamed' via a weblink publicised on the Council website in accordance with The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

PRESENT

Members of the Committee

Cllr. Quentin Marshall (Chairman)
Cllr. Ian Wason (Vice-Chairman)
Cllr. Tom Bennett
Cllr. Marwan Elnaghi
Cllr. Sina Lari
Cllr. Emma Will

Co-opted non-voting members

Robin Broadhurst
Henry Cooke
Robert Davy
Hugo Dias
Richard Hubbard

Also in attendance:

Piers Bertlin, Mercer
Tom Corderey, CBRE
Sharon Cudjoe, Senior Solicitor
Mike Curtis, Executive Director of Resources
Matthew Hopson, Strategic Investment Manager
Tom McColgan, Senior Governance Co-Ordinator
LeVerne Parker, Chief Solicitor & Monitoring Officer
Andrew Peacock, CBRE
Robert Sheppard, Head of Governance & Mayoralty
Julia Stevens, Pension Fund Manager
Phil Triggs, Director of Treasury & Pensions
Cllr. Charles Williams, Chair of the Pension Board
Sam Yeandle, Mercer

PUBLIC AGENDA

A1 APOLOGIES FOR ABSENCE

No apologies for absence were received.

A2 DECLARATIONS OF INTEREST

No declarations of interest were made.

A3 MINUTES OF THE MEETINGS HELD ON 18 MAY AND 28 SEPTEMBER 2020

These two sets of minutes – both Part A and Part B parts - were confirmed as correct records for signature by the Chairman.

The Chairman noted that all actions from the May 2020 meeting appeared to have been completed. In terms of action requested at the September meeting, Phil Triggs confirmed (minute A8) that he had yet to receive the more detailed ranking information on the LGPS fund but would chase this up. Further to Mr. Dias' proposal that the fund might want to consider having a 'reference book asset allocation' mechanism for the Fund, Mr. Triggs indicated that he would set up a three-way meeting with the Chairman. Mr. Triggs confirmed that he had as yet been unable to progress the meeting with Adams Street but would do so in the run-up to Christmas. He also confirmed that all the Chairman's suggested amendments to the text of the draft accounts had all been incorporated and that a paper on costs would be submitted to the February 2021 meeting.

The Chair suggested that officers maintain a list of outstanding actions so that the Committee could keep an eye on these without needing explicitly to revisit these at every meeting.

Action by: Phil Triggs, Director of Treasury & Pensions

EXCLUSION OF THE PRESS AND PUBLIC

The Chairman indicated that he was minded to deal with the Part B (private) item of business at this point in the meeting so that CBRE representatives did not again have to wait until the very end of the meeting to provide their update.

The Chairman moved, and Cllr. Wason seconded this proposal. The Committee concurred and duly:

RESOLVED-

That the press and public be excluded from the remainder of the proceedings under the provisions of Schedule 12A of the Local Government (Access to Information) Act 1985, by virtue of the exempt nature of the business to be transacted.

[Notes: The Part B discussion is summarised below, towards the end of these minutes. Following conclusion of the Part B discussions, the Committee returned to Part B (public) session.]

A4 QUARTERLY PERFORMANCE REVIEW

The Chairman noted that, further to paragraph 6.1 on asset allocation, the excellent performance by Baillie Gifford highlighted the need to look again at asset allocation and rebalancing at the next meeting.

The Chairman also indicated he would welcome a report on the recent transition process itself which, Mr. Hopson confirmed, was being completed today.

Action by: Phil Triggs, Director of Treasury & Pensions

Subject to the above, the report and appendices were received and noted.

A5 MERCER – COMPETITION & MARKETS AUTHORITY REPORT AND CONTRACT EXTENSION PROPOSAL

Having had some discussions on this in the private part of the meeting the Chairman indicated he was minded to support the two year contract extension, under existing terms and conditions, with a fresh market testing exercise in 2022. The Committee concurred and duly:

RESOLVED-

To endorse the extension of the contract with Mercer for two years over the current contract term, with the revised term expiring on 11 November 2022.

Action by: Mike Curtis, Executive Director of Resources

A6 REPORTS AND UPDATES FROM WORKING GROUPS – TRACKER FUNDS AND CREDIT

Tracker funds

The Chairman reported that there had been discussions with three firms who provide equity tracker funds – BlackRock, LGIM and UBS – during which Fund representatives (the Chairman, Mr. Hubbard and Mr. Davy) had asked a range of questions, including on transition processes. Mr. Hubbard indicated that there were some fairly fine choices between the three, but UBS had impressed less than the other two in terms of their ability to do the ‘hard stuff’ and the strength of their team. Mr. Davy agreed and suggested that whilst BlackRock seemed more professional, the costs of switching from one provider to another meant that it was probably not worth changing - particularly as LGIM had assured Fund representatives that the problems they had experienced were a ‘one off’. The Chairman agreed but suggested that if the Fund was to allocate further resources to tracker funds then BlackRock would be worth considering as an alternative. Mr. Bertlin agreed, advising that there was no compelling case to make a wholesale switch from LGIM to BlackRock.

The Chairman noted that he did feel a little uncomfortable that some of the aggressive share voting positions taken, very publicly at times, by LGIM did stray into the political. He felt that such decisions should be referred back to investors but accepted that LGIM were unlikely to change their approach.

Credit

Mr. Cooke reported that Mercer had hosted a Multi Asset Credit (MAC) presentation, but Members still had questions about what or whether the Fund

should be doing something other than holding assets in cash. Further discussions would be needed before the Fund contemplated entering the MAC asset class. Mr. Davy added that there was perhaps a misunderstanding about the position of the Fund insofar as whilst these high-yield products (with a yield of 3-4%) might well be better than cash, it should not be ignored that the Fund's portfolio was 70% in equities, and cash would at least hold-up if equities fell.

The Chairman expressed the view that the Fund needed to think what it might do with funds released from the absolute return fund which were now 'parked' in cash. He suggested that the Committee have a wider discussion on this at the February 2021 meeting.

Action by: Phil Triggs, Director of Treasury & Pensions

The oral reports, as summarised above, were received and noted.

A7 CBRE FIRE POLICY CHECKLIST AND PROPERTY UPDATE

The Committee noted that the 'Fire Risk Checklist' had now been 'signed off' by Ian Kimmitt, the Council's Head of Corporate Safety. CBRE representatives confirmed they accepted responsibility for acting on any findings and they had also undertaken to report at least annually to the Committee.

Action by: Tom Corderey and Andrew Peacock, CBRE

A8 ANY OTHER ORAL OR WRITTEN ITEMS WHICH THE CHAIRMAN CONSIDERS URGENT

No other issues were raised under the public part of the agenda.

PUBLIC MINUTE OF MATTERS CONSIDERED IN PRIVATE SESSION

Please note: There is no separate set of Part B minutes on this occasion and all decisions were taken in the Part (public) part of the meeting.

B1. DIRECT PROPERTY UPDATE

Messrs. Peacock and Corderey of CBRE updated the Committee on the position in relation to three properties – two already owned by the Fund, the third currently being acquired (with completion expected in December). He confirmed that the Fund should continue to invest in property, and that CBRE would continue to seek to recover rent and not agree to rent reductions particularly where the tenants were multi-national companies.

CBRE would provide an update on the returns on the portfolio in its annual report to the Committee and would continue proactively to draw the Fund's attention to further attractive acquisitions.

Action by: Tom Corderey and Andrew Peacock, CBRE

Tom Corderey and Andrew Peacock then left the meeting.

A5. MERCER – CONTRACT EXTENSION PROPOSAL

The Committee discussed the proposal to extend the Mercer contract by a further two years under the same terms and conditions, and individual Members expressed their own views as to the service provided by Mercer.

Mr. Triggs reported that the Competition and Markets Authority (CMA) required setting of objectives for an investment consultant to be measured on an annual basis and the first such assessment by officers had measured Mercer's performance at mostly excellent, though Members queried the assessment process and outcome.

Overall, Committee Members felt that Mercers' advice had been variable, but satisfactory and helpful for the most part.

ANY OTHER ORAL OR WRITTEN EXEMPT OR CONFIDENTIAL ITEMS WHICH THE CHAIRMAN CONSIDERS URGENT

No issues were raised under the private part of the agenda.

The meeting ended at 7.55pm

Chairman