

PENSIONS COMMITTEE

Minutes of the meeting held at 7.00 pm on 22 February 2022

Present:

Councillor Gary Stevens (Vice-Chair, in the Chair)
Councillors Kira Gabbert, Christopher Marlow and Tony Owen

Also Present:

John Arthur, MJ Hudson

162 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors Simon Fawthrop, Simon Jeal and Keith Onslow. All joined the meeting online.

163 DECLARATIONS OF INTEREST

There were no declarations of interest.

164 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received.

165 CONFIRMATION OF MINUTES OF THE MEETINGS HELD ON 15 NOVEMBER AND 2 DECEMBER 2021, EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

RESOLVED that the minutes of the special meeting held on 15th November 2021 be confirmed.

The minutes of the meeting held on 2nd December 2021 were not yet available.

166 PENSION FUND PERFORMANCE Q3 2021/22 Report FSD22017

The report provided a summary of the investment performance of Bromley's Pension Fund in the third quarter of 2021/22. The report also contained information on general financial and membership trends of the Pension Fund and summarised information on early retirements.

The report included a quarterly report from MJ Hudson which John Arthur presented. He explained that the fourth quarter of 2021 had been reasonable for markets, with Bromley's Fund rising to £1.43bn. However, while the benchmark had risen by 4.73%, the Fund had underperformed at 1.87%,

largely due to a downturn in the Baillie Gifford portfolio. Baillie Gifford was still capable of adding value in the long term and performance was within the risk profile.

Concerns remained about inflation, with CPI at 5.4% and RPI at 7.5% in the UK. Inflation was expected to remain above the Bank of England target of 2% in the medium term. Growth was expected to be reasonable in the current year, but a slowdown was expected by 2023/24. The war in Ukraine was highlighting the need to control supply chains, reversing the trend towards globalisation that had dominated the last forty years. The Fund's cashflow forecasts had been updated, and were still acceptable.

The Task-force on Climate-Related Financial Disclosures (TCFD) requirements already applied to large private sector pension funds, and were expected to apply to the LGPS for 2022/23 data. Mr Arthur was already discussing this with Bromley's investment managers. The Chairman reminded members that an actuarial review was due and that there would be an asset allocation review in 2022 which should be completed by the end of the calendar year. He was sceptical that the concentration on ESG would be beneficial for returns and considered that the Committee should focus on its fiduciary responsibility and oppose any attempts to use the LGPF for social projects, infrastructure or housing.

The Chairman reported that an interview with Baillie Gifford was scheduled for the coming Thursday. In response to a question, Mr Arthur confirmed that, taking into account Baillie Gifford's poorer performance more recently, the Fund was still overweight on equities.

The Director of Finance commented that during a potential recession tax receipts would be poor leading to reductions in public spending. Mr Arthur commented that, from the Government's point of view, high inflation had the benefit of reducing the impact of debt.

A member commented that Baillie Gifford's underperformance appeared to relate largely to Chinese holdings. She was concerned about the impact of deteriorating relationship between east and west, and about a holding in a Russian state-controlled bank. Mr Arthur commended the Committee for raising the issue of holdings in China some six months previously – Baillie Gifford's focus was on finding effective companies and they were not infallible. In response to comments from members about divesting, Mr Arthur stated that he would ask Baillie Gifford about this at the meeting on Thursday and consider the matter further.

Cllr Marlow reported that the Office for National Statistics (ONS) had recently published a report on the shortcomings of the Retail Prices Index (RPI) which he would arrange to be circulated. (ONS Report)

RESOLVED that the contents of the report and appendices be noted.

167 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND FREEDOM OF INFORMATION ACT 2000

RESOLVED that the Press and public be excluded during consideration of the items of business referred to below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

**The following summaries
refer to matters
involving exempt information**

168 CONFIRMATION OF EXEMPT MINUTES - 15 NOVEMBER AND 2 DECEMBER 2021

The part 2 minutes of the special meeting held on 15th November 2021 were confirmed.

The minutes of the meeting held on 2nd December 2021 were not yet available.

169 PENSION FUND PERFORMANCE Q3 2021/22- APPENDIX 6

The Committee received and noted Appendix 6 to the Pension Fund Performance report.

170 UPDATES FROM THE CHAIRMAN/DIRECTOR OF FINANCE/PENSIONS INVESTMENT ADVISOR (PART 2)

The Committee received a report from IC Select.

The Meeting ended at 9.21 pm

Chairman