

## **PENSIONS COMMITTEE**

Minutes of the meeting held at 7.00 pm on 23 May 2024

### **Present:**

Councillor Keith Onslow (Chairman)  
Councillor Christopher Marlow (Vice-Chairman)  
Councillors Kira Gabbert, Dr Sunil Gupta FRCP FRCPATH,  
Simon Jeal, Jonathan Laidlaw, Ruth McGregor and Sam Webber

### **Also Present:**

John Arthur, Apex Group Ltd

## **1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies for absence were received from Councillor Rebecca Wiffen and Councillor Ruth McGregor attended as her substitute. Apologies for absence were also received from Councillor Shaun Slator.

Apologies for lateness were received from Councillor Kira Gabbert and Councillor Sam Webber.

The Chairman led the Committee in welcoming Councillor Dr Sunil Gupta FRCP FRCPATH who had joined the Committee and Councillor Jonathan Laidlaw who had rejoined the Committee.

## **2 DECLARATIONS OF INTEREST**

There were no additional declarations of interest.

## **3 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

Two questions for written reply were received at the meeting. A copy of those questions, together with the Chairman's response can be viewed at Appendix A to these Minutes.

In light of the question asked on the Task Force on Climate-related Financial Disclosures, a Member underlined the importance of ensuring that the Committee and the Local Pension Board received all necessary training to fully understand their responsibilities in this emerging area. This was supported by the Chairman who emphasised the Committee's role in determining targets that would underpin climate-related risk reporting for Pension Fund investments. The Director of Finance advised that the Government had recently indicated that it would be consulting stakeholders

on the new regulations from late June 2024, and this was expected to include the issue of training. The Chairman asked that a further update on progress in this area be provided to the next meeting of the Committee on 27 August 2024.

**4 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 21 FEBRUARY 2024, EXCLUDING THOSE CONTAINING EXEMPT INFORMATION**

**RESOLVED:** That the minutes of the meeting held on 21 February 2024 be approved.

**5 MATTERS OUTSTANDING FROM PREVIOUS MEETINGS**

In response to a question from a Member, the Chairman confirmed that the next meeting of the Committee had been rescheduled to 27 August 2024 to better fit with the quarterly financial reporting schedule.

**RESOLVED:** That matters outstanding be noted.

**6 PRESENTATION FROM FIDELITY INTERNATIONAL**

The Committee received a presentation from Fidelity International representatives, Tom Jeffery, Co-Head European Institutional and Talib Sheikh, Portfolio Manager – Multi Asset providing an update on the investments of the London Borough of Bromley Pension Fund.

The Chairman asked the Fidelity International representatives for their view of the 'Mansion House' pension reforms which indicated a move to increased investment in UK-held equities. The Portfolio Manager – Multi Asset responded that while UK large-cap had done relatively well in the short to medium-term, mid-cap stocks had been slower, and that Fidelity tended to take a global perspective in equities, including some exposure to global champions. Another Member asked about investment in tobacco stocks for equity and fixed income and the Co-Head European Institutional advised that although these stocks were cheap, the valuation gap was unlikely to change, and Fidelity tended to leave this area of the market to specialist investors. A Member noted that gross figures were reported in the presentation and asked that net figures be included going forward to support the Committee's understanding of actual investment performance. The Member expressed concern at any proposal for increased investment in equities as this portfolio was intended to diversify the Bromley Pension Fund investments away from equities to mitigate risk and the Strategic Asset Allocation Benchmark also remained overweight in this area. The Co-Head European Institutional responded that Fidelity took an agnostic approach to its diversified investment portfolio and that equities offered a valuation cushion and attractive yield as part of a mix of assets that would help achieve the portfolio's long-term objectives.

In discussion, a Member observed that the presentation suggested that there would be a reduction in interest rates in the short to medium-term. The Co-Head European Institutional said that this was the likely direction of travel now that inflation rates had reduced, but that further uncertainty had been caused by the UK General Election on 4 July 2024. The Chairman asked about emerging markets and the Co-Head European Institutional suggested that developed equity markets were the main focus for investment at present but that opportunities may arise in emerging markets in the medium to long-term, including in the area of debt. The Senior Advisor: Apex Group Ltd queried a reduction in investment in alternatives and the Co-Head European Institutional explained that this area of investment had struggled in recent months for a number of reasons, including changes to the disclosure regulations, but that alternatives would continue to be an attractive investment option moving forward.

The Chairman thanked the representatives of Fidelity International for their excellent presentation.

**RESOLVED: That the presentation from Fidelity International be noted.**

## **7 PENSION FUND PERFORMANCE Q4 2023/24 Report FSD24031**

The report provided a summary of the investment performance of Bromley's Pension Fund in Quarter 4 of the 2023/24 financial year and included information on general financial and membership trends of the Pension Fund as well as details of key developments in the Local Government Pension Fund (LGPS) expected during the next five years.

The Committee received an update from the Senior Advisor: Apex Group Ltd who was pleased to advise that the Bromley Pension Fund had risen by 5% in the first quarter of 2024 to a value of over £1.4B. This was close to its all-time high of Autumn 2021 and demonstrated the resilience of a diversified investment portfolio. The Fidelity International representatives had suggested there was less synchronisation in the global economy and there had indeed been a variation in GDP growth between the US and the UK, European and Japanese economies, with the US economy seemingly better able to adapt to various economic crises than the more structured UK, European and Japanese economies. While inflation had come down across all these economies, it was for varying reasons, and it was the Senior Advisor's view that the UK and Europe would lead on interest rates cuts in the short to medium-term. With regard to the Task Force on Climate-related Financial Disclosures (TCFD), incoming reporting requirements would focus on the potential impact of climate-related risks and opportunities and the Committee would be required to agree metrics to measure the impact against two climate scenarios. In preparation for this, Members were recommended to review the Pensions Regulator Review 2023 and two TCFD reports from Smart Pensions Master Trust and Oxfordshire LGPS which provided further information and examples as to what would be required. The Chairman agreed this approach

and requested that a TCFD session be held at the meeting of the Pensions Committee on 14 November 2024.

**RESOLVED: That the contents of the report and appendices be noted including:**

- **Appendix 4 which provided quarterly performance monitoring; and,**
- **Appendix 5 which set out the key developments expected in the Local Government Pension Scheme during the next five years.**

## **8 UPDATES FROM THE CHAIRMAN/DIRECTOR OF FINANCE/PENSIONS INVESTMENT ADVISOR**

The Chairman, Director of Finance and Pensions Investment Advisor provided a Part 1 (Public) update to the Committee on recent developments relating to pensions.

The Director of Finance advised that Chief Financial (Section 151) Officers had received a letter from Simon Hoare MP, Minister for Local Government asking for information on current approaches to efficiencies in the management, governance and administration of LGPS funds and asset pools that referred to the pooling of all listed assets by March 2025. This timeframe was in opposition to the outcome of previous consultations which had flagged that the proposed March 2025 date would not fit with existing timescales for Actuarial Valuation and Strategic Asset Allocation and would likely create additional costs related to the unnecessary movement of funds. Concerns had also been raised around proposals for the merging of funds which would be made yet more difficult by pooling. The Chairman reported that he had raised a number of these points at a meeting with the Department for Levelling Up, Housing and Communities where he had stressed any merging of funds would be incompatible with the Committee's fiduciary duty to the Bromley Pension Scheme as these were not public funds but belonged to the Scheme Members. He had also raised concerns around Government engagement with Collective Investment Vehicles when it was Local Authorities that were responsible for managing LGPS funds. A Member observed that the upcoming General Election may create new opportunities for changes to future LGPS arrangements and suggested that the Committee engage with other stakeholders such as trade unions and this approach was supported by the Chairman.

**RESOLVED: That discussions under the Part 1 (Public) update be noted.**

**9 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**

**10 PENSION FUND PERFORMANCE Q4 2023/24 - APPENDIX 1 (PART 2) EXEMPT COMMENTARY**

The Committee considered a Part 2 (Exempt) Appendix to the Pension Fund Performance Q4 2023/24 report.

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

No Part 2 (Exempt) update was given.

The Meeting ended at 9.27 pm

Chairman