THE LONDON BOROUGH OF CAMDEN

At a meeting of the **PENSION COMMITTEE** held on **TUESDAY, 5TH MARCH, 2024** at 6.30 pm in Council Chamber, Town Hall, Judd Street, London WC1H 9JE

MEMBERS OF THE COMMITTEE PRESENT

Councillors Rishi Madlani (Chair), Heather Johnson (Vice-Chair), Anna Burrage, Matthew Kirk, Sylvia McNamara, Jenny Mulholland and James Slater

MEMBERS OF THE COMMITTEE ABSENT

Councillors Shiva Tiwari

The minutes should be read in conjunction with the agenda for the meeting. They are subject to approval and signature at the next meeting of the Pension Committee and any corrections approved at that meeting will be recorded in those minutes.

MINUTES

1. APOLOGIES

Apologies for absence were received from Councillor Shiva Tiwari.

Apologies for lateness was received from Councillor Heather Johnson.

2. DECLARATIONS BY MEMBERS OF STATUTORY DISCLOSABLE PECUNIARY INTERESTS, COMPULSORY REGISTERABLE NON-PECUNIARY INTERESTS AND VOLUNTARY REGISTERABLE NON-PECUNIARY INTERESTS IN MATTERS ON THIS AGENDA

There were none.

3. ANNOUNCEMENTS (IF ANY)

Webcasting

The Chair announced that the meeting was being broadcast live to the internet and would be capable of repeated viewing and copies of the recording could be made available to those that requested them. Those seated in the Chamber were deemed to be consenting to being filmed. Anyone wishing to avoid appearing on the webcast should move to one of the galleries.

4. DEPUTATIONS (IF ANY)

There were none.

5. NOTIFICATION OF ANY ITEMS OF BUSINESS THE CHAIR DECIDES TO TAKE AS URGENT

There was no urgent business.

6. MINUTES

RESOLVED –

THAT the minutes of the meeting of the Pension Committee held on 4th December 2023 be approved and signed as a correct record.

7. PERFORMANCE REPORT

Consideration was given to the report of the Executive Director Corporate Services.

The Head of Treasury and Financial Services introduced the report which outlined the performance of the Camden Pension Fund investment portfolio and the individual investment managers for the quarter ended 31 December 2023.

Karen Shackleton, Independent Investment Advisor, provided the committee with an overview of her comments on the financial markets and provided detail on the performance of the individual Investment Managers, as set out in Appendix A to the report.

Responding to a question about whether the fund was well positioned to meet the inflationary challenges, the Independent Investment Adviser informed the Committee that the inflationary situation had changed with the economy not in as high an inflationary situation as it was 6 to12 months ago. The London CIV – Real Estate Long Income Fund – Aviva which had been linked to inflation had consistently delivered **a** return of 7 to 8% per annum. Even with a lowe**r** inflation rate there was no reason the fund would not be able to deliver reasonable returns which made it comparable with some other secure income asset classes the fund was investing in. The Head of Treasury and Financial Services also commenting on inflationary challenges advised that the yearly annual commitments of the fund were quite high, inflation would have to stay high for a very long time to impact the fund. It was about how the Actuary valued all the liabilities in the next triennial evaluation period.

Also commenting on inflationary challenges, the Isio Investment Consultant explained that there were two types of inflation, current inflation which had been highly publicised in the news which was previously 10-11% and had now fallen to

4%. The way this affected the fund, was the actual amount of pension that needed to be paid in pounds, when inflation went up this increased the amount of pension that needed to be paid which was a cash flow issue. The more pressing issue for the fund related to longer term inflation which would increase the liability value of the fund. The impact would be more severe where the liabilities were based on a longer-term period of inflation.

Answering further Committee members questions, the Independent Investment Adviser and Isio Investment Consultants provided the following information:

- With regards to the change at Baille Gifford, the new ESG partner was well respected and considered to be a positive appointment, who would have a consistent view across all their funds.
- With regards to Partners, it was the right decision not to increase the allocation at the moment because they were currently struggling in comparison to other global property managers who appeared to be doing a better job. Other global property managers were also struggling as the property cycle had contracted. It was hoped that the partners view was correct that things would start improving.
- Although the performance of the Student Accommodation Fund was mentioned in their report when it came through, as pointed out this was not mentioned at the manager meeting. The Independent Investment Adviser agreed to follow this up for further information on the reason it was not mentioned at the management meeting.

  Action By Independent Investment Adviser

- In relation to CBRE, there was some sympathy due to interest rates going up sharply in the UK and property values falling, there was little that could be done about that given the nature of the mandate.
- Research had indicated that markets in the UK were looking for certainty with regards to interest rates and this appeared to be more stable now than in the last 12 or 24 months, so it should be positive going forward in terms of the income element although capital gains was not that big.
- In relation to the Partners group due diligence was conducted 12 months ago, the conclusion was reached that the vintage was not as good for the next vintage as it was for previous ones, the view not to increase allocation was supported.

The Head of Treasury Management also commenting on the property market noted that there was an investment strategy review in July, it was expected that there would be a disinvestment from property, therefore there was no need to re-up the allocation, given that the fund had already invested in affordable housing and already made those commitments.

In response to a follow up question, the Committee were informed that Partners would be chased up to provide clarification about pro female pay gap information.

Action By Independent Investment Adviser

RESOLVED –

THAT the contents of the report be noted.

8. INFRASTRUCTURE INVESTMENT

Consideration was given to the report of the Executive Director Corporate Services.

The Head of Treasury and Financial Services introduced the report, informing the Committee that following the Investment Strategy Review in July 2023, and the Committee's agreement to invest in the Affordable Housing Sub Fund, ISIO, Investment Consultants had been tasked with considering CIV's two infrastructure Sub funds and asked to make a recommendation about which one to select to meet the fund's investment strategy review requirements.

Isio Investment Consultant, Andrew Singh took the committee through the key elements of appendix A of the report, highlighting that pages 72 and 73 compared 8 key aspects of the two funds, and in their view the LCIV Infrastructure Fund came out top in 6, with 1 aspect being even, while 1 favoured the LCIV Renewable Fund relating to fund size and diversification. Page 75 provided a summary of each fund the pros and cons of how they compared to each other and the recommendation was that on balance the LCIV Infrastructure Fund was a more balanced investment and should be selected for investment.

Invited to comment on Isio's recommendation, Sahil Arora London CIV Investment Analyst, Private Markets Team, agreed with the recommendation informing the Committee that a lot of time had been spent on the process and the information provided was an accurate reflection of the two sub funds.

Responding to questions the Isio Investment Consultant provided the following information:

- With regards to the Infrastructure Fund investing in renewable energy and having the same greenfield impact as the Renewable Fund investment, the Infrastructure Fund was more focussed on core traditional infrastructure and the greenfield impact would have a slightly lower return while the other element would have a slightly higher return.
- With regards to 40% of the portfolio invested in renewables, it was not expected that the allocation to renewables would grow over time because Stepstone indicated that they had a broad mandate to allocate where they believed they could get the best risk return, however they had indicated this could change if the Pension Fund requested it.

- It was a process of collaboration and understanding exactly what the investors wanted going forward. Whilst also conscious of the risk return dynamics, across different sectors and how that created a balanced portfolio.
- Renewables would probably be the highest exposure from a sector perspective but the plan was to keep it at the 40% level and create a diversified portfolio.
- The Synchronous Condenser was like a huge spinning pipe similar to the camshaft in a car, that spun continuously adding inertia to a grid to stabilise the fluctuations in power and energy. Infrastructure managers liked them because they had 100% CPI inflation linkage.
- With regards to the power and utility mix under the Stepstone mandate, it was more the main utilities such as water and the transmission and distribution side of the network. With regards to the power side there was no investments in oil and gas.
- With regard to power it was referring to the Brookfield Global Transition Fund which was targeting carbon intensive businesses and assets and looking to transition them across to a more green transition.

The Chair commented that it would be useful if the exclusions policy could be recirculated, noting that the Committee was comfortable with an asset that was on a transition pathway, however there were long standing issues with some utility companies and if the Pension Fund was investing in these companies there was the need for transparency.

Members agreed with the officers and advisors' recommendations and

RESOLVED –

THAT the Committee:

i) Agree that the Fund commits £76m in the London CIV Infrastructure Sub-Fund managed by Stepstone, and
ii) Delegate all matters relating to this resolution to the Executive Director Corporate Services.

ACTION BY: Executive Director Corporate Services

9. ENGAGEMENT REPORT

Consideration was given to a report of the Executive Director Corporate Services.

The Head of Treasury and Financial Services informed the Committee that this was a regular report presented to Committee Members updating them with engagement activity undertaken by the Fund and on its behalf by LAPFF to promote good governance and behaviour in environmental and social issues.

He also highlighted that:

- Table 1 of the report highlighted engagement during the quarter.
- Table 2 analysed the United Nations Sustainable goals.
- At the business meeting in January 2024, items discussed included climate strategy, UK climate policy, carbon capture and storage, capital markets and double materiality.
- Next year's LAPFF work plan was tabled for Committee members comments.
- Representatives from PIRC were in attendance to provide further information on the work.

Alan MacDougall Managing Director Pensions and Investment Research Consultants (PIRC LTD) and Janice Hayward Client Services Director (PIRC) provided the Committee with the following information;

- A new area of engagement activity had been opened up which focussed on the supply chain in the luxury goods sector, considered employee conditions, best practices and adherence to statutory arrangements.
- The relationship between the supply network and chains in the sector was variable, going from very good to very poor reflecting that the pressure on the sector had not been particularly strong over the recent growth of ESG focus on the sector.
- Councillor Johnson (Vice Chair) had attended a number of engagement meetings in the sector on behalf of the LAPFF executive and it was hoped that concerns she would raise would be incorporated into future reports.
- It was also important that investors focussed on standards expected from the sector. For example, some companies required suppliers to formally commit to applying high ethical standards and to upholding human rights. Compliance of these standards were measured by workforce related audits. An interesting focus of discussions with these companies in the future would be questions around the standards applied, how these were monitored and implemented.
- A decision was taken at a previous meeting to review the climate policy, LAPFF's approach to climate policy had been updated to maximise impact and competitiveness. This involved considering it from the perspective of a long-term investor interested in reducing risks and strengthening growth and competitiveness.
- Concern that recent actions such as the removal of key long term targets risked undermining the UK's international business reputation and the confidence of investors making the UK a less attractive place for investment, affecting its long-term competitiveness.
- In relation to the green finance agenda, a clear implementation plan had been approved at the LAPFF business meeting in January. The next stage was to consider the kind of implementation from this policy approach and then the practical application of the plan.

Council Johnson updated the Committee on LAPFF engagement activities she had been involved in, commenting that it had been interesting and useful engaging with companies such as Caring and was due to engage with Louis Vuitton next week. Caring (company based in France) provided information on the number of audit breaches, they still had a lot of work to do, their knowledge was Country based rather than production based. The company was only getting a certain level of information and appeared not to be getting the level of information/detail that the Committee might want to know about.

The Chair reminded members that there were opportunities for them to get more involved in LAPFF engagement activities as there were a number of different sectors.

He also commented that he was not sure if the deadline to comment on the LAPFF Business Strategy had been missed, he asked that this should be fed back as something the Committee would like to do.

A Committee Member commented that in relation to engagement with companies on diversity, equality and inclusion, if the companies had enough women on boards at senior levels within the organisation, there would potentially be less need for engagement on the other topics as putting that balance on the board tended to provide a broader diverse view of what the company was doing.

Alan MacDougall remarked that there was quite substantial evidence to show that the appropriate distribution of gender on boards was a major factor in how a company responded to issues and how it managed its business model. He noted however that one of the challenges was deciding where the focus should be on a particular engagement, sometimes it was clear, but in other situations it was less clear as the business model of the company was not understood and how it was managed. Commenting further he added that there was a need for much broader surveys of gender onboards and its implications for the business model of companies, although he doubted whether they currently had the resources to do this at the moment. He would however, take this back to the branch and raise as an issue.

A Committee member commented that they were pleased with the work being done on the climate strategy, the dedicated focus on carbon emission reduction as well as ensuring that was not at the expense of other metrics and conditions.

In response to a follow up question Alan MacDougall advised that the views of the Climate Committee needed to be more rigorously engaged with by LAPFF.

RESOLVED -

THAT the contents of the report be noted.

10. VOTING ANNUAL REVIEW

Consideration was given to a report of the Executive Director Corporate Services

The report reviewed the proxy voting conducted on behalf of the Pension Fund by PIRC (Corporate Governance Advisor) in 2023 for all shares directly owned by the Fund.

It also analysed the voting data in terms of regions, meeting types, categories of resolutions, as well as looking at trends and hot topics for voting during the year. Some of the key headlines highlighted in Appendix A by Gocke Cavusoglu PIRC Senior Researcher (PIRC LTD) were:

- The Fund voted on 10,605 resolutions during the year (9,941 in 2022) at 679 meetings.
- 90.3% of the meetings were in the UK, 5.9% in Europe and 3.1% in North America
- The Fund voted “for” resolutions 7,161 times (68% down from 70% in 2022) and opposed 3,444 votes (32%).
- In the UK the Fund voted against 597 or 16% of director resolutions and outside the UK voted against 37% of directors.
- In the UK the Fund opposed 57% (164 out of 287) remuneration reports
- The Fund opposed 70% (365 out of 525) auditor appointments in the UK.
- Gender diversity was one area that had shown significant consistent improvement since 2015, following the Davies and Hampton-Alexander reviews.
- Camden opposed the chairs of nomination committees where female representation was below 33% or no statement was given committing to the target.
- Since 2018 the overall percentage of women in FTSE350 boards had risen overall from 26% to 38% during the year under review.
- It was noted that women were still under-represented in senior leadership roles at the executive level, showing that there was still scope for improvement. It was hoped that gender balanced boards would become the new norm.
- Gender pay gap - in OECD countries the average gap was 11.9% between men and women. In Office for National Statistics estimates that in 2022 it was 8.3%. PIRC calculate that in the FTSE 350 the gap was 17.6% and in S&P 500 companies it was 19%.
- Appendix A further examined director skillsets and concluded that there were concerns that there was insufficient ESG experience on FTSE 350 boards.
- Directors with Social, Environmental, and Climate experience made up 5.45%, 3.09%, and 1.24% of the total number of directors analysed. Therefore, there were concerns that companies do not take ESG issues as

seriously as industrial or financial issues and were not nominating directors adequately skilled to oversee the various ESG programmes that the majority of FTSE 350 companies were implementing.

The following responses and comments were provided to Committee members questions:

- The general independence criteria were set out on page 151 of the agenda appendix A attached to the Voting Policy report.
- With regards to the ratio of the CEO to employee pay. This was calculated by dividing the salary of the CEO by the average salary of full-time employees. It was considered that a 20:1 ratio was acceptable within the UK remuneration structure, while the USA was higher 150:1 because it started from a higher ground which was a quite different ground from where the UK started. The ambition was down to the Fund to decide.
- In respect of the Parker Review (regarding information about ethnic minorities on the board) and why this was not included on the FTSE 350 and 100, the PIRC was currently evaluating how it could include an assessment of ethnic background in the directors' data, there were some obstacles on that mostly relating to the methodology and how ethnic background was reported to the Board. PIRC did not have first-hand data about the ethnic background of Directors, however the Parker Review was a consideration when considering companies reports on their progress.

A Committee member commented that they were proud of Camden Pension Fund's record on opposition as it was only by consistently voting to oppose resolutions that would have an impact. Noting, that it was clear that the voting was gradually having some impact and commending PIRC for their representation.

Responding to questions the PIRC Advisor commented that:

- Clear explanations for why a voting recommendation was made were provided within PIRC reports (which all companies received) next to the voting recommendation.
- Camden always opposed auditor appointments if the tenure was for more than 10 years. Another reason for opposing Auditor appointments was that Camden changed its policy in 2021 on the expectation gap.
- The expectation gap related to a situation where auditors failed on certain issues such as picking up fraud, auditors argued that the public had an expectation of what auditors should be doing. The House of Commons Business Select Committee concluded that auditors should not operate on the basis that the public had an expectation gap ignoring the auditors' explanation. Auditors on the other hand tried to preserve this explanation.
- PIRC informed all firms that if the auditors' explanation was accepted and operated in practice, appointment as auditor would be opposed as matter of principle. This had been incorporated into the voting policy of which there had been some minor success.

- The expectation gap was mainly a UK issue with the majority of 70% auditor appointments voted against due to this issue.

The Chair was of the view that a detailed breakdown of the figures of auditor appointments voted against on expectation gap grounds should be looked into because voting against everyone on these grounds would not make it as effective a tool as it should be. The Chair would have further dialogue on this issue with PIRC and report back to the Committee.

Action By: Chair Pension Committee

Answering further questions on the voting policy, the Head of Treasury and Financial Services provided the following responses:

- Split voting had only started recently in 2023.
- The proxy voting season was between March and May this year, this was only in relation to LGIM’s stocks.
- The LGIM portion of the fund was now being voted on, split voting was in place for this.
- The segregated stocks with Harris had already been voted.
- The London CIV would need to help Camden Pension Fund with the Baille Gifford Sub Fund.

RESOLVED –

THAT the report be noted.

11. VOTING POLICY

Consideration was given to a report of the Executive Director Corporate Services

Most of the discussion on this item had been covered under item 10 (Voting Annual Review).

A Committee member commented that a lot of detailed work had gone into this, each suggestion appeared to be really important and was supportive of the additional suggestions.

The Chair commented that he was pleased with the work done in relation to the Parker review and on economic growth and social development goals (SDG) in the workplace, noting that there were improvements and the Committee should be proud of the work, thanking the PIRC also for their work.

Resolved:

That the voting policy be approved as set out in appendix A to the report.

12. CARBON FOOTPRINT

Consideration was given to a report of the Executive Director Corporate Services.

The Head of Financial Services and Treasury Management introduced the report informing the Committee that this was the second year that CIV's climate analytic reporting was being used although the fund had been reporting the carbon footprint for 8 years. He provided an outline of the report.

Jacqueline Jackson, Chief Sustainability Officer, and Kain Bairns Responsible Investment Analyst, London CIV attended the meeting and provided a brief overview of their report pages 251-350 of the agenda. Key points were made as follows:

- The report covered the metrics and targets recommended by the Task Force on climate related financial disclosures which was based on the 4 pillars of governance, strategy, risk management and metrics and targets.
- Appendix A Table 2 on page 253 provided an overview of the whole fund within the direct and 1st tier indirect carbon intensity, which showed slightly higher carbon emissions at 83.4 tonnes this year compared to 81 last year.
- Scope 3 footprint had also increased to 562.7 tonnes of carbon emissions compared to 429 last year.
- This did not necessarily represent an environmental deterioration of performance by the Pension Fund.
- The benchmark for scope 3 emissions had increased across the board, there was improved measurability, improved transparency as well as companies getting much better at tracking and reporting on scope 3 emissions.
- The implicit temperature considered the absolute carbon footprint only whereas intensity metrics looked at the carbon footprint as a proportion of the revenue.
- The nature of the Diversified Growth Fund (DGF) being invested in smaller companies meant that the carbon footprint relevant to revenue to value for some businesses could be quite high but the absolute footprint could remain low and that was why it was performing well on implicit temperature basis.
- Some Fund Managers exhibiting less positive performance were the CQS and Pimco Mac Fund which had high carbon intensity and the Paris Alignment Fund which was due to their exposure to energy in the industrial sectors.
- 9 out of 10 top contributions to the significant scope 3 emissions where from the Pimco portion of the fund.
- CIV had engaged with Pimco about the general climate performance of their fund who had since introduced carbon attribution tools to change their carbon intensity.
- The type of engagement with fund managers about their carbon emissions leading to real change had been facilitated due to conversations with clients who understood some of the nuances behind fund performance.

The Chair thanked London CIV for making the information available as part of existing fees and charges, noting that the reports were very detailed and difficult to understand and wondered if a shortened version could be provided for future reports.

The following response was provided to members questions.

- The intensity metrics, such as carbon to value, carbon to revenue, average carbon intensity helped identify the less efficient companies to target as well as companies that were performing well.
- In terms of the longer-term trajectory, the report was designed to look at sector contribution and sector analysis. This ultimately provided information on those sectors that were performing well and underperforming. The information enabled a more targeted approach to an entire sector, helped devise engagement and stewardship not only with individual companies but group conversations with sectors.

The chair queried how the information on sector contribution, sector analysis and sector allocation conducted by London CIV could be coordinated and fed into the LAPFF, as the carbon intensity numbers and temperature ratings were not currently available on fund manager performance reports.

The Chair asked if London CIV and LAPFF could work together to look into how this information could be coordinated and included in future performance management reports.

Answering a follow up question about reporting the information on carbon emissions in a more transparent and understandable way, the Chief Sustainability Officer commented that the industry would need to put some thought into how these types of issues were communicated in a robust way that was understandable and transparent as well as provision of best available data.

The chair noted that the carbon footprint reports were rapidly evolving suggesting that it was a good idea to learn from others and seek best practise from elsewhere, inviting comments from the independent consultants on any knowledge they had of best practice from elsewhere in the industry.

Some of the suggestions included:

- using the detailed data to bring out some key points, the Committee would then agree actions on those key points.

- An objective could be to simply engage with managers to improve data across the board which could help to drive change.
- All bond and equity managers were met within 18 months, this information could be discussed with them and feedback to the Committee.

The chair suggested that London CIV engage with LAPFF to enable the data to inform the business strategy and that the Independent Advisers performance reports included commentary on the carbon direction track of the fund managers.

Answering further questions, London CIV officers provided the following information:

- In relation to why both scopes of the LGIM carbon emissions were higher than the tracker index, they were relatively in line with the benchmark, although there was a slight increase there was not complete granularity in the data received. This could be taken away and looked into.
- In terms of providing an overall picture of all the funds, a meeting could be arranged to follow up and talk about how this could be done.

The Committee thanked London CIV officers for the helpful report.

RESOLVED -

THAT the report be noted.

13. CIV PROGRESS REPORT

Consideration was given to a report of the Executive Director Corporate Services.

The Head of Treasury Management and Financial Services introduced the report informing the Committee that it provided an update on developments at the London Collective Investment Vehicle (CIV) including the general meeting held in January and introduced Dean Bowden, Chief Executive Officer, London CIV who was in attendance.

Dean Bowden provided the Committee with an update on developments at London CIV, highlighting that:

He had joined the organisation in November 2022, spending some time prior to joining and during his first 2 months to understand the business internally and externally, then producing a report which outlined areas where it was felt work was required to deliver to the expectation required of the business.

An immediate change which took place to make the business relevant was increased engagement with clients, which occurred by him personally meeting all clients every 6 months. He was now on his second round of doing this and intended to continue.

The business had changed to a much more client driven approach. Two new products had been recently launched driven by client demand rather than London CIV driven which represented a change in the organisations approach.

Getting sign off of shareholders and the board to change the business purpose statement to 'Drive down the cost of LGPS' which ultimately meant reducing the cost of LGPS for each of the boroughs, with the ability to invest the savings elsewhere.

As part of service provision reports such as Carbon Footprint, Task Force for Related Financial Disclosures (TCFD) would continue to be provided without any additional cost to the client.

The year had been very successful compared to the previous year based on doubling the amount of pooling and new assets into the pool and £2.4million of extra savings.

The actions the organisation had taken to achieve savings made would be used to measure success and reported on every year.

With regards to maturity, CIV's tier one capital was deemed not to be regulatory compliant which meant the Financial Conduct Authority (FCA) could close down the business. This had now been resolved which meant the organisation could provide more services such as provide a discretionary advisory service.

The business was being remodelled, governance had been reviewed and the board had reduced in size from both an executive and non-executive perspective. Time had been spent on getting the right roles and right functions in the right places, with a succession plan also being worked on.

Increased consultation and engagement on major issues within the community of LGPS for London had created general consensus across funds and pools.

Some of the new things coming based on engagement and client led demand were Nature Based Solutions, Global Equity Value and Private Debt as well as a Property Advisory Service.

The funding model was being looked at with the ultimate aim to make it as equitable as possible to have fees for work done rather than having fixed fees. CIV had reduced its fixed fees by 10% this year was looking to double the reduction next year with the ultimate aim to remove completely in 3 years.

Dean Bowden provided the following responses to members questions:

- Some of the things currently on the pooling agenda included natural capital and nature-based solutions and private debt which were based on exposures in the portfolios.
- There was a gap in private equity and this was something that would be looked at in the future.
- Asset allocations would also evolve over the coming years driven by the Pension Funds advisers, if there were any changes in the exposures solutions would be developed accordingly.
- A lot of the current exposures across funds were already invested and had lock in periods.
- In terms of the timeline for increasing female representation on the board overall, where recruitment was in the control of the CEO recruitment would be from a much more diverse pool of candidates.
- The reporting on TFND would be available mid-2025.
- The CIV had a new CIO to help drive performance and resolve issues around performance. There had been some turn around in performance in recent quarters. There were some tweaks to the process which were being worked on by the new CIO.

Inviting officers and independent advisers to comment on what more they would like to see from the CIV, the Head of Treasury and Financial Services remarked that the client focus mentioned was welcomed a continuation of this would be helpful. In relation to poor performance of fund managers, it would also be helpful if the reason managers were performing poorly could be provided as well as the stage in the process when action would be taken was clarified. The Executive Director Corporate Services noted that a change in the tone of engagement by the CIV had been recognised, acknowledged and welcomed by the London Finance Directors Group as well as the intention of spending an appropriate amount of time on performance and return.

The Chair asked if the Executive Director of Corporate Services could request that the Finance Director Committee push to ensure future diversity on that committee.

Commenting further on what more they would like to see from the CIV, the Independent Advisers remarked that they were supportive of a lot of the things said, to continue with the collaboration and engagement, noting that natural capital and renewables were becoming increasingly important therefore to continue to develop this area of the business. With regards to the CIV Investor Groups it would be useful if advisers could be kept informed of the strategy behind joining new funds and how they were progressing.

A Committee member acknowledged the contribution of the Chair (Councillor Madlani) for all his work as chair of the Shareholder Committee.

The Chair thanked Dean Bowden for attending noting that he would be coming back to future Pension Committee meetings.

RESOLVED –

THAT the contents of the report were noted.

14. CASH FLOW AND MEMBERSHIP REPORT

Consideration was given to a report of the Executive Director Corporate Services.

The Head of Treasury Management and Financial Services introduced the report outlining that it detailed the Pension Fund cash flow and membership statistics for the previous year and over the longer term.

He informed the Committee that:

- Inflows were up from last year £55m this year compared to £48m last year.
- Outflows were similar to last year £65m
- Cashflows before transfers were down from £20m to £13m
- Investment income was up at £24m
- The net inflow to the funds was £7m compared to being down £11m last year.
- Camden's Pension Fund was not cash flow negative with cash flow being relatively strong in the fund.
- Membership numbers were now higher than when the second largest employer left the fund.

Responding to a Committee member's question about what was required were cash flow to be less strong, the Head of Treasury Management and Financial Services advised that there were various things that could be done such as taking dividends or investing in mandates that returned income which would continue to be considered.

RESOLVED –

THAT the contents of the report were noted.

15. ANNUAL REPORT 2022 - 2023

Consideration was given to a report of the Executive Director Corporate Services.

The Pension Committee was reminded that the Pension Fund was required to produce an Annual Report under the Local Government Pension Scheme Regulations 2013. This report presented the 2022/23 Annual Report to the Pension Committee.

The Committee was informed that:

- The report did not include the accounts, the accounts would be brought back when prepared and audited by the Council's auditors.
- It was a statement of what the Pension Fund had done and a summary of all the work done by the Committee as well as the Investment Manager meetings.

A Committee member commented that as a new member they had found the Annual report extremely useful and a valuable source of information with a very good summary and clear strategy.

The Chair also commented that he found it very helpful as he often referred to it when doing anything on behalf of the Pension Fund.

RESOLVED –

THAT the 2022/23 Pension Fund Annual Report be approved, as attached at Appendix A.

16. BUSINESS PLAN

Consideration was given to a report of the Executive Director Corporate Services.

The Committee noted the items scheduled for future agendas of this Committee together with a record of training sessions and meetings attended and a list of future training opportunities.

The Chair and Head of Treasury and Financial Services encouraged those members that had not done the training to take the on-line training modules reminding members that it was an important requirement. Also asking members to inform them if there were any other topics, they were interested in.

RESOLVED –

THAT the contents of the report be noted.

17. DATE OF NEXT MEETING

The Chair advised that members would be notified of the date of the next meeting.

18. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT

There was none.

Having adjourned between 8.44pm to 8.47pm the meeting ended at 9.27pm

CHAIR

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MINUTES END