

FALKIRK COUNCIL

MINUTE of JOINT SPECIAL MEETING of the PENSIONS COMMITTEE/PENSIONS PANEL held in the MUNICIPAL BUILDINGS, FALKIRK on TUESDAY 10 SEPTEMBER 2013 at 9.30 A.M.

PRESENT: Depute Provost Patrick; Councillors Blackwood, Carleschi, Coleman and Dr C R Martin; Councillor Campbell and W Watson (Stirling Council); Councillor Drummond (Clackmannanshire Council); A Douglas (Trade Union Representative) and A Redpath (Pensioners Representative).

CONVENER: Depute Provost Patrick

ATTENDING: Chief Finance Officer, Pensions Manager and Senior Committee Services Officer

ALSO IN

ATTENDANCE: B Miller; L Selman and S Jones

PE58. APOLOGIES

Apologies were received from M Keggan, G Laidlaw, S Mackay, J McAuley, I McLean, E Morrison and A Stewart

PE59. DECLARATIONS OF INTEREST

None declared

PE60. EXCLUSION OF PUBLIC

Resolved in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, to exclude from the meeting the press and public for the following items of business on the ground that they involve the likely disclosure of exempt information as defined in Paragraph 9 of Part 1 of Schedule 7A of the said Act.

PE61. INVESTMENT IN SOCIAL/AFFORDABLE HOUSING

Reference was made to the meeting of the Pensions Committee of 7 March 2013 when Members confirmed their continuing interest in investing in social or affordable housing and instructed officers to identify suitable investment vehicles, and also, to the last round of Pension Panel and Committee meetings held on 23 May and 6 June 2013, when it was agreed to await the outcomes of research work being done by the Fund's investment managers, Hymans Robertson and that officers would undertake some preliminary due diligence and meet with those Fund Managers who appeared to be capable of delivering an investment solution.

The Chief Finance Officer presented a report, dated 19 August 2013, updating on progress towards making a potential investment in social/affordable housing.

Areas covered by the Report included:-

- Challenges posed by this type of investment
- Investment Considerations
- Pensions Committee Responsibilities
- Overview of Potential Fund Managers/Providers
- The views of Hyman Robertson
- Next Steps/Procurement.

Following considerable debate on the contents of the report, Members, by way of a show of hands, voted on the question as to whether an investment in social housing should be progressed. Of the Members of the Committee in attendance and entitled to vote, 4 voted in favour of the proposal and 3 voted against.

Accordingly, **AGREED** that:-

1. an investment in social housing should be progressed;
2. a manager search be undertaken, consistent with procurement rules;
3. the final decision to invest remain dependent on identifying a suitable manager and fund;
4. whilst examining the market within the UK as a whole, any mandate to a suitably appointed manager should require that consideration is given to both the Scottish and local (pension fund area) dimensions;
5. any investment should be made gradually and limited to not more than £30m, and,
6. the Chief Finance Officer report on progress to the next round of Panel/Committee meetings.

PE62. INVESTMENT IN LOCAL INFRASTRUCTURE

With reference to the previously expressed interest by both members of Panel and the Committee into examining the potential of the fund to invest in infrastructure projects in the UK, and in particular, Scotland and locally, there was submitted Report (circulated) dated 21 August 2013 by the Chief Finance Officer presenting an overview into such investments.

Areas covered by the Report included:-

- The current position within the UK
- Regulatory and Trustee requirements

- Infrastructure as an Asset Class
- Existing Infrastructure Investment
- Investment Adviser Comment
- UK Infrastructure Managers
- Options for the Future

Following considerable debate on the contents of the report, Members, **AGREED** that:-

1. Investment in local infrastructure (to include Central Scotland, Scotland and the UK as a whole) should be further progressed;
2. An assessment of the following 3 options should be undertaken in determining the best way to proceed:-
 - Invest in one or more of the available UK Infrastructure Funds;
 - Collaborate with other LGPS funds (or other investor) to establish a segregated account run by an external investment manager and focusing on UK/Scottish Infrastructure, and,
 - Invest in individual projects, relying on larger fund advisers to undertake due diligence.
3. The final decision to invest remains dependent on identifying a suitable Fund or manager;
4. Any investment is limited to not more than £30m;
5. If direct investment is to be pursued, a protocol governing such investments be established, and,
6. The Chief Finance Officer report on progress to the next round of Panel/Committee meetings.