

Minutes of the meeting of the **Pension Fund Committee** held on 2 June 2014 at 10.00am in the Rose Room, Endeavour House, Ipswich.

Present: Councillors Andrew Reid (Vice Chairman), Michael Bond, John Field, Leonard Jacklin, Bert Poole, Richard Smith, Bill Knowles (District Council Representative), Derek Redhead (District Council Representative)

Supporting officers present: Geoff Dobson (Head of Finance), Paul Finbow (Corporate Finance Specialist), Sharon Tan (Specialist Accountant (Pensions) Richard Hart (Principal Auditor) and Ann McPherson (Democratic Services Officer).

Advisers Present: Mark Stevens (Independent Professional Adviser)
Matt Woodman (Hymans Robertson)

1. **Election of Vice Chairman**

Geoff Dobson called for nominations for the position of Vice Chairman. Councillor Andrew Reid was nominated by Councillor Derek Redhead, seconded by Councillor Bill Knowles and elected by a unanimous vote.

2. **Public Participation Session**

There were no applications to speak in the Public Participation Session.

3. **Apologies for Absence and Substitutions**

Councillor Peter Bellfield (substituted by Councillor Richard Smith)
Councillor Peter Byatt (substituted by Councillor Len Jacklin).

4. **Declarations of Interests and Dispensations**

Councillors Andrew Reid, Richard Smith and Leonard Jacklin declared a non-pecuniary interest in all of the items on the Agenda by virtue of the fact that they are contributing members to the Suffolk Pension Fund.

5. **Minutes of the Previous Meeting**

The minutes were confirmed as a correct record and signed by the Vice Chairman in the chair.

6. **Investment Advisor's Report**

The Committee received a report from Hymans Robertson at Agenda Item 6 on the investment performance of the fund to March 2014. It covered historic returns for world markets, market conditions, portfolio summary, asset allocation and managers' investment performance. Equity markets were reported as being flat but assets had grown by 1.3% over the quarter.

Decision: The Committee agreed to note the report

Reason for Decision: The report contained matters relevant to the Committee under its Terms of Reference.

Alternative options: There were none considered.

Declarations of interest: Declarations of Interest are recorded at Minute No.3 of these minutes.

Dispensations: There were none reported.

The committee agreed to take the agenda items in the following order.

8. **Independent Professional Advisor's Report**

The Committee received a report from Mark Stevens at Agenda Item 8 regarding the meetings with seven of the fund managers employed by the scheme. This covered the first quarter of 2014, ending 31 March 2014, as well as the current outlook for the various investment markets. He reported that the managers' opinion is that 2014 is expected to be a more difficult year for investment.

Decision: The Committee agreed to note the report.

Reason for Decision: The report contained matters relevant to the Committee under its Terms of Reference.

Alternative options: There were none considered.

Declarations of interest: Declarations of Interest are recorded at Minute No.3 of these minutes.

Dispensations: There were none reported.

9. **Potential Investment in Follow on Funds**

The Committee received a report at Agenda Item 9 on the opportunities for further investment in M&G and KRR follow on funds. As the timescale for the KRR investment is longer, and the fund was not closing to new investment until after the end of July, it was advised by Matt Woodman that this should be brought back to the committee at a later date. The committee agreed to this item being added to the agenda for the July meeting.

The committee was advised that further investment with M&G is in no way a risk free investment although the 15% target is an excellent return. While the return depends to some extent on the degree of skill of M&G, the committee were advised that the company has an excellent asset management team.

The committee then received a presentation from Paul Taylor and Andrew Swan of M&G.

M&G run Debt Fund 1, in which the Suffolk Pension Fund currently has a £30m investment, specialising in debt financing for otherwise sound companies in financial distress. M&G take on these companies and assist them with restructuring. The first fund is now closed and M&G are looking to raise 5 million Euros for Fund 2.

Fund 2 will close to new investors on 29 June 2014.

Decision: The Committee agreed, 5 votes for, 3 against, to a £15m investment in Fund 2.

Reason for Decision: The report contained matters relevant to the Committee under its Terms of Reference.

Alternative options: There were none considered.

Declarations of interest: Declarations of Interest are recorded at Minute No.3 of these minutes.

Dispensations: There were none reported

7. **Information Bulletin: Investment Performance**

The Committee received a bulletin at Agenda Item 7 summarising the investment performance of the fund to March 2014.

The committee agreed to add an agenda item for the July meeting on rebalancing the portfolio using Legal & General as a 'swing manager' to manage the balance of investments.

Decision: The Committee agreed to note the bulletin

Reason for Decision: The bulletin contained matters relevant to the Committee under its Terms of Reference.

Alternative options: There was none considered.

Declarations of interest: Declarations of Interest are recorded at Minute No.3 of these minutes.

Dispensations: There were none reported.

10. **Pension Fund Actuarial Monitoring Report**

The committee received a report at Agenda Item 10 to review the actuarial position of the fund at March 2014 as assessed by the Fund's actuary, Hymans Robertson LLP.

It was reported that the review showed that at March 2014 the fund was 84.5% funded compared to 79.1% at March 2013.

Decision: The Committee agreed to note the report.

Reason for Decision: The report contained matters relevant to the Committee under its Terms of Reference.

Alternative options: There were none considered.

Declarations of interest: Declarations of Interest are recorded at Minute No.3 of these minutes.

Dispensations: There were none reported

12. **Statement of Internal Control**

The committee received a report at Agenda Item 12 from Richard Hart (Principal Auditor) on the Statement of Internal Control for the year ended 31 March 2014.

He reported that there had been two audits carried out during the year, both were assessed as High Standard and that there were no significant issues to be brought to the attention of the committee

Decision: The Committee agreed to note the report.

Reason for Decision: The report contained matters relevant to the Committee under its Terms of Reference.

Alternative options: None were considered.

Declarations of interest: Declarations of Interest are recorded at Minute No.3 of these minutes.

Dispensations: There were none reported.

11. **Information Bulletin: Recent Developments**

The Committee received an information bulletin at Agenda Item 11 on recent developments affecting the Pension Fund.

The committee were asked to forward comments on Item 8 of the report, Consultation on LGPS: Opportunities for collaboration, cost savings and efficiencies, to Paul Finbow. He agreed to circulate a draft response to the consultation to the committee in mid-June to receive comments before the end of the consultation in July 2014.

Decision: The Committee agreed to note the bulletin.

Reason for Decision: The bulletin contained matters relevant to the Committee under its Terms of Reference.

Alternative options: There were none considered.

Declarations of interest: Declarations of Interest are recorded at Minute No.3 of these minutes.

Dispensations: There were none reported.

Councillor Derek Redhead left the meeting at 12.05

13. **Business Plan and Risk Register**

The Committee received a report at Agenda Item 13 reviewing the actions undertaken during 2013 and presenting a proposed business plan for the forthcoming year.

Decision: The Committee agreed to note the report.

Reason for Decision: The report contained matters relevant to the Committee under its Terms of Reference.

Alternative options: There were none considered.

Declarations of interest: Declarations of Interest are recorded at Minute No.3 of these minutes.

Dispensations: There were none reported

14. **Forward Work Programme**

The Committee received a copy of its Forward Work Programme at Agenda Item 14.

It was agreed that an outline training programme, following the earlier discussion on training, should be included for the July meeting.

A report on how the CSD/SCC transfer had gone was also requested.

Decision: The Committee agreed to note the Forward Work Programme.

Reason for Decision: The Forward Work Programme is a responsibility of the Committee under its Terms of Reference.

Alternative options: There were none considered.

Declarations of interest: Declarations of Interest are recorded at Minute No.3 of these minutes.

Dispensations: There was none reported.

15. **Urgent Business**

There was none reported.

The meeting closed at 12.30pm.