

Minutes of the Suffolk Pension Fund Committee Meeting held on 30 November 2015 at 10:30 am in the Rose Room, Endeavour House, Ipswich.

Present: Councillors Andrew Reid (Vice Chairman, in the Chair), Jenny Antill, Michael Bond, Peter Byatt, John Field, Carol Bull (District Council Representative), Bill Knowles (District Council Representative) Steve Warner (Union Representative).

Also present: Stuart Potter – Pensions Operations Manager

Supporting officers present: Geoff Dobson (Director of Resource Management), Paul Finbow ( Corporate Finance Specialist), Sharon Tan (Specialist Accountant – Pensions), Ann McPherson (Committee Administrator)

Advisers present: Mark Stevens (Independent Professional Advisor), Matt Woodman (Hymans Robertson)

**1. Public Participation Session**

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

**2. Apologies for Absence and Substitutions**

Apologies for absence were received from Councillor Peter Bellfield.

The Vice Chairman, in the Chair, welcomed Councillor Peter Byatt back to the committee.

**3. Declarations of Interest and Dispensations**

The following declared a local non-pecuniary interest by virtue of the fact that each was a contributing member of the Local Government Pension Scheme:

Councillor Andrew Reid

Steve Warner

**4. Minutes of the Previous Meeting**

The minutes of the meeting held on 24 September 2015 were confirmed as a correct record and signed by the Vice Chairman, in the Chair.

**5. Investment Performance Report**

The Committee received a report at Agenda Item 5, on the investment performance of the Pension Fund for the quarter to September 2015. The

Committee heard that the fund had reduced by £54m in the quarter but remained at £2.1bn, was performing well in comparison to where it stood two years ago and was still slightly ahead on benchmark and of peers. It had been a volatile quarter with markets generally trending down. Since the end of September equity markets have improved and the fund is basically back to where it was.

The Committee also heard the details of the face to face meetings with seven of the managers employed by the Suffolk Pension Fund.

**Decision:** The Committee agreed to consider the contents of the report.

**Reason for Decision:** The Committee is required to review the overall investment performance of the Fund and that of its individual Fund Managers on a quarterly basis.

**Alternative options:** None

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

**Dispensations:** There were none reported.

## **6. Government Consultation on Pooling**

The Committee received at Agenda Item 6, a presentation on the latest information for the pooling of Pension Fund Assets. The Committee heard about the criteria published by DCLG under which pooling proposals will be judged. Individual Funds will be expected to submit initial proposals to pool by February 2016 and worked up proposals by July 2016. It is expected to take 18 months to create structures with the start of transfer of liquid assets to pool by April 2018. The Committee also heard about Project POOL which has 25 local authorities in the joint working group, 7 in the Steering Group and another 10 to 15 supporting the work streams. Hyman's role is to provide technical support, project management and data analysis. The report from Project POOL will be delivered to Government in January 2016 and will be made public. Suffolk is one of 13 Pension Funds in the Access Group who are committed to working together to explore the opportunities and challenges of the pooling agenda. Together they support the aim of developing a joined up proposal to Government that allows LGPS to speak with a clear and authoritative voice focussed on options which satisfy the Government's criteria.

## **7. Markets in Financial Instruments Directive (MiFID) II**

The Committee received a report at Agenda Item 7 presenting the Local Government Association's paper on the potential implications for LGPS funds regarding the Markets in Financial Instruments Directive II. The Committee heard that the MiFID II is the framework of the European Union legislation for investment intermediaries providing services to clients in relation to shares, bonds, units in collective investment schemes and derivatives (collectively 'financial instruments') and the organised trading of financial instruments. The implication is that from 3 January 2017 all LGPS funds will be classified as 'Retail Investor' as opposed to the current classification of 'Professional Investor'. This would significantly limit the range of investment opportunities and products in which the Pension Fund could invest.

**Decision:** The Committee agreed to consider the contents of the report.

**Reason for Decision:** The Committee need to understand the implications of the Market in Financial Instruments Directive II which is due to come into force in January 2017.

**Alternative options:** None

**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 Agenda Items 8 and 9 as one item

## **8. Breaches Policy Document**

## **9. Conflict of Interest Policy Document**

The Committee received reports at Agenda Items 8 and 9 providing draft documents for the Breaches Policy and the Conflict of Interests Policy. The Committee heard that these are governance documents which need to be in place. It is necessary to have a Breaches policy so it is clear what constitutes a breach and how it would be handled. A report is also sent to the Pension Board for each breach.

To comply with the Pension Regulators requirements, the Fund must have an agreed conflicts of interest policy in place to ensure proper identification and monitoring of conflicts.

**Decision:** The Committee agreed to consider the documents and were invited to respond to officers with comments on the wording of the documents before approving a final version.

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

## **10. Information Bulletin**

The Committee received an information bulletin at Agenda Item 10, covering an update on the investment with Pantheon, an Actuarial Update and Voting Activity.

**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:** None

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

**Dispensations:** There were none reported.

## **11. Forward Work Programme**

The Committee received a copy of the Forward Work Programme at Agenda Item 11.

**Decision:** The Committee agreed to note the Forward Work Programme and add the following:

To schedule an additional meeting for 27 January 2016

To cancel the meeting scheduled for 21 March 2016

Work planned for the March meeting will be rescheduled to other meetings.

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

**Alternative options:** None

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

## **12. Urgent Business**

There was none reported.

## **13. The Committee agreed that Agenda Item 14 should be taken without the Public (including the Press) present.**

## **14. Asset Allocation Review**

The Committee received at Agenda Item 14 a report from Hymans Robertson covering the strategy and structure update of the fund for 2015.

**Decision:** The Committee agreed to note the report as well as agreeing that there should be no change at present to the overall structure and that officers should continue to implement rebalancing.

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

**Alternative Options:** None

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

*The meeting closed at 12.55*

Chairman