

Minutes of the Suffolk Pension Fund Committee Meeting held on 6 June 2016 at 10:30 am in the Rose Room, Endeavour House, Ipswich.

Present: Councillors Andrew Reid (Vice Chairman, in the Chair), Michael Bond, John Field, Michael Gower, Len Jacklin, Bert Poole, Steve Warner (Union Representative).

Also present: Louise Aynsley (Chief Accountant – Strategy and Accounts) as Observer

Supporting officers present: Geoff Dobson (Director of Resource Management), Paul Finbow (Senior Pensions Specialist), Sharon Tan (Pensions Technical Specialist), 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 Councillors Jenny Antill, Bill Knowles and Carol Bull – no substitutes.

Councillor Peter Byatt substituted by Councillor Len Jacklin

Substitute for Vacancy Councillor Michael Gower

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

Councillor Len Jacklin

Steve Warner

Councillor Michael Gower declared a local pecuniary interest by virtue of the fact that he is in receipt of a pension from the Local Government Pension Scheme.

4. Minutes of the Previous Meeting

The minutes of the meeting held on 24 February 2016 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 summarising the assets of the Suffolk Pension Fund and their current allocation against the Fund's long term investment strategy, together with the investment performance for the quarter ended 31 March 2016. The Committee heard that the total size of the Fund at 31 March 2016 was £2.206bn, an increase of around £20m from the valuation of 31 December 2015.

Also included in the report was a review of the performance of individual investment managers and a summary of the most recent meetings with investment managers. The Committee were told that the market remained volatile but managers were confident of improvement.

Decision: The Committee agreed to consider 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. Currency Risk and Emerging Market Debt

The Committee received at Agenda Item 6, a report from Hymans Robertson on currency risk and emerging market debt.

The Committee were told that the Fund has a substantial exposure to overseas currencies through its holding in overseas assets. The view of the report was that the risk was substantial enough and the cost of mitigation low enough to make consideration of managing the risk worthwhile.

The Vice Chairman, in the Chair, felt that the Committee needed a greater understanding of what the risk is.

The Committee also discussed the Fund's Emerging Market Debt and the option to actively manage this 2% allocation by moving it to BlackRock or another manager. The level of additional fees would be around £100k p.a. plus transaction fees.

Decision: The Committee agreed that the option to actively manage the risk be investigated. Legal & General should be requested to carry out further work on the question of risk position and report to the Committee the results of the

option of everything being hedged; nothing being hedged and the costs involved.

The Committee agreed unanimously to transfer the EMD allocation to BlackRock.

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.

Dispensations: There were none reported.

7. **Communications Strategy**

The Committee received a report at Agenda Item 7 providing an updated Communications Strategy for the Suffolk Pension Fund.

Decision: The Committee considered the report and agreed to approve the Communication Strategy.

Reason for Decision: The Fund must maintain and publish an up to date Communications Strategy, to set out the expectations and performance standards expected of Suffolk County Council in its role as administering authority.

Alternative options: None

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

Dispensations: There were none reported.

8. **Information Bulletin**

The Committee received an information bulletin at Agenda Item 8, covering the latest Actuarial Monitoring Report, voting activity, Bluecrest update and performance measurement service.

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.

9. **Pooling of Assets**

The Committee received at Agenda Item 9, a verbal update on the progress of the ACCESS Pooling Group. The minutes of the last meeting of the pool were circulated to the Committee. They were told that Councillor Reid had attended

three Chairman's meetings. An additional presentation to a Government panel has been added for 9 June. The ACCESS Group agreed that Councillor Reid should attend as the Chairmen's representative to give the member's view.

The Committee were told that definite savings would be expected in management fees but transition costs would be charged to each individual Fund. The sharing arrangement for costs and savings is to be discussed by all ACCESS partners.

It has been agreed that ACCESS will pursue a Regulated CIV and that work is in progress to decide on whether ACCESS will buy or rent a CIV.

A fully worked up Business Case will be circulated to the Committee prior to the meeting on 11 July 2016 for comments.

10. Forward Work Programme

The Committee received a copy of the Forward Work Programme at Agenda Item 10.

It was agreed that investment in Tobacco be included as a discussion point.

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: None

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

Dispensations: There were none reported.

11. Urgent Business

There was none reported.

The meeting closed at 12.30

Chairman