

Minutes of the Suffolk Pension Fund Committee Meeting held on 11 July 2016 at 10:30 am in the Rose Room, Endeavour House, Ipswich.

Present: Councillors Andrew Reid (Chairman), Jenny Antill, Michael Bond, John Field, Bert Poole, Peter Byatt, Councillor Bill Knowles (District Council Representative)

Also present: Councillor Richard Smith, MVO

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 Councillor Michael Gower and Steve Warner (Union representative)

The Chairman also announced the resignation from the Committee of Councillor Carol Bull.

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

4. Minutes of the Previous Meeting

The minutes of the meeting held on 6 June 2016 were confirmed as a correct record and signed by the Chairman.

5. Election of Vice-Chairman

Councillor Jenny Antill was proposed as Vice-Chairman by Councillor Andrew Reid.

The Committee voted unanimously to elect Councillor Jenny Antill to the position of Vice-Chairman of the Suffolk Pension Fund Committee.

6. Annual Investment Performance Review

The Committee received a presentation at Agenda Item 6 from Susanne Stewart, Global Services Performance Services (formerly State Street Investment Analytics).

The Committee heard that UK markets were down 4 % with bonds making a subdued return over the year. However, infrastructure returned +9% and private equity +14% despite being volatile over the year. Over the last decade bonds have been unusually strong and property the best performing asset class over the last 3-year period.

The annual performance summary showed that it had been a difficult year but over the longer term absolute returns are solid.

The latest year attribution showed that the asset allocation was unfavourable and the reason the fund underperformed against benchmark. Overall there was a neutral effect – a good year by equity managers, offset by poor returns from bond managers.

The Committee heard that in relation to the Universe the Suffolk Pension Fund was in the top third. The Fund's strategy added value relative to other local authority funds, maintaining lower risk and above average returns as opposed to other funds.

Decision: The Committee considered the contents of the presentation.

Reason for Decision: The Committee is required to review the overall investment performance of the Fund on an annual basis.

Alternative options: None

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

Dispensations: There were none reported.

7. Information Bulletin

The Committee received an information bulletin at Agenda Item 7, covering an update on Bluecrest, Emerging Market Bonds, Employer Valuation Returns and the EU Referendum Result and Market Reaction.

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.

8. Pooling of Assets

The Committee received at Agenda Item 8, a copy of the draft business case for the ACCESS Pooling Group.

The committee discussed the strengths and weaknesses of renting or building a CIV and were told that officers are looking at the different options available with a decision to be made in September.

The costs for either option would be in the region of £4-5m and transition costs for the pool could be up to £40m. This does not include any fall in prices resulting from the actual movement of pooled funds.

The ACCESS group are looking to extend the transition period to reduce costs and the effect on the market. It has been estimated that it will take to year 15 of the project to realise any expected savings.

The Committee and the Director of Resource Management, Geoff Dobson, congratulated and thanked the Chairman and officers for all of the hard work they have put into this project.

Decision: The Committee agreed, 6 votes for, 1 against from Councillor Michael Bond, to approve the draft for submission to DCLG.

Reason for Decision: The Pension Fund Committee has delegated responsibility for the investment of the Fund's assets, so any future change must be approved by the Committee.

Alternative options: The Committee could have decided not to approve the draft submission.

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

Dispensations: There were none reported.

9. Governance Policy and Compliance Statement

The Committee received at Agenda Item 9, a statement outlining the governance arrangements for the Suffolk Pension Fund as required by Regulation 55 of the Local Government Pension Scheme (Administration) Regulations 2013 (as amended)

Decision: The Committee agreed to receive the Governance Policy Compliance Statement and approve the Governance Policy Statement.

Reason for Decision: The Committee is required to review its Governance Policy and Governance Policy Compliance Statement on a regular basis.

Alternative options: None

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

Dispensations: There were none reported.

10. Forward Work Programme

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

The following amendments were noted

- Currency Hedging added to September meeting
- Actuarial Valuation possible move from November to September meeting
- Policy Documents added to March meeting
- The Investment Strategy Statement has been delayed to 1 April so added to February meeting

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. The Committee agreed that Agenda Item 12 should be taken without the public (including the press) present.

Matt Woodman (Hymans Robertson and Mark Stevens (Independent Professional Advisor) left the meeting.

The Committee received a report at Agenda Item 11 which outlined the original skills and knowledge required for the initial employment of an independent advisor. In the light of changes which would be brought about by pooling, the Committee discussed what future need of the Committee would be from an Independent Advisor

Decision: The Committee agreed to note the report and agreed that officers should update the profile of the position.

Reason for Decision: The employment of an Independent Advisor 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.

12. Urgent Business

There was none reported.

The meeting closed at 12.36

Chairman

