

Minutes of the Suffolk Pension Fund Committee Meeting held on 28 February 2017 at 10:30 am in the Rose Room, Endeavour House, Ipswich.

Present: Councillors Andrew Reid (Chairman), Jenny Antill (Vice Chairman), Michael Bond, John Field, Michael Gower, Len Jacklin, Colin Kreidewolf (District Council Representative), Bert Poole, Steve Warner (Union Representative).

Also present:

Supporting officers present: Geoff Dobson (Director of Resource Management), Paul Finbow (Corporate Finance Specialist), Ann McPherson (Democratic Services Officer) and Sharon Tan (Specialist Accountant).

Advisers present: Mark Stevens – Independent Professional Advisor
David Walker – Hymans Robertson

1. Public Participation Session

There were no applications to speak in the Public Participation Session

2. Apologies for Absence and Substitutions

Peter Byatt – substituted by Len Jacklin

Chris Punt

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 to the Local Government Pension Scheme:

Councillor Andrew Reid

Steve Warner (Union Representative)

Len Jacklin

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.

Agenda Item 8 – Councillor Bond declared an interest in that his daughter was an employee of the University of Suffolk

4. Minutes of the Previous Meeting

The minutes of the previous meeting held on 28 November 2016 were confirmed as a correct record and signed by the Chairman.

5. Investment Performance Report

The Committee received a report at Agenda Item 5, providing a summary of the assets of the Suffolk Pension Fund and their current allocation against the Fund's long term investment strategy and detailing the investment performance for the quarter ended 31 December 2016.

The Committee heard that as at 28 February the value of the Fund stood at £2.593bn. Performance is slightly behind benchmark for the quarter but ahead of benchmark over the longer term.

The financial position of asset class shows equities as overweight. This is because investments have done very well over the last months as well as the positive cash flow in passive funds.

A cash surplus of over £50m was noted at the end of December. Since then some has been used in funding M&G investments. However, cash is being used to fund overseas equities.

David Walker presented Hymans Robertson's view of the Fund's investment managers, along with some commentary on the quarter's market conditions.

Mark Stevens presented a report on the February meeting with managers.

This was the first meeting with managers following the US elections and managers had varying views regarding the implications of various tax changes mooted by the new president during the campaign.

Managers also included an update on the on-going impact of the Brexit result for the UK economy and the implications for Europe as a whole.

Decision: The Committee agreed to consider the contents of the report and to review the Fund's performance in the quarter to 31 December 2016.

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. Information Bulletin

The Committee received an Information Bulletin report at Agenda Item 6 covering Actuarial Update, Voting Activity, M&G Commitments, and Audit Report.

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.

7. Funding Strategy 2017

The Committee received a report at Agenda Item 7 setting out the Funding Strategy Statement for the Suffolk Pension Fund, including the proposed contribution rates for all employers in the Fund for the next three financial years.

Decision: The Committee agreed to approve the Funding Strategy Statement for the Suffolk Pension Fund and to approve, including a phasing of the increase in rates for two employers, the contribution rates for all employers in the Fund for the next three financial years.

Reason for decision: The report sets out matters relevant to the Committee's responsibilities. The proposed strategy will ensure the long-term solvency of the Pension Fund.

Alternative options: None

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

Dispensations: There were none reported.

8. ACCESS Pooling Update

The Committee received a report at Agenda Item 8 giving an update of the work of the ACCESS group and covered two areas which needed approval by each Pension Fund Committee. These are the Inter Authority Agreement and the procurement of a passive provider for the ACCESS pool.

Steve Warner (Union Representative) expressed his disappointment that there was not to be a union representative on the joint committee.

The Chairman explained that the decision had been taken last summer that the Minister should make the decision on the appointment of a union representative. The Minister, however, decided that it was up to individual pools. The question will be included in the agenda of the first meeting of the Joint Committee.

Decision: The Committee agreed the Inter Authority Agreement. It was noted that there was a missing interest rate in the wording of Part 7, Paragraph 28.

The Committee agreed to take part in the passive framework tender exercise and appoint the single passive provider

Reason for decision: The Inter Authority Agreement is required to create the Joint Committee which will make decisions on behalf of the 11 Funds. All Funds need to accept the terms so that the pool can progress.

The passive procurement is intended to deliver earlier savings to the Funds to assist in paying some of the pool set up costs.

Alternative options: None

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

Dispensations: There were none reported.

9. Investment Strategy Statement

The Committee received at Agenda Item 9, a draft format of the Fund's Investment Strategy Statement.

They heard that once approved, it would then be subject to consultation with the Pension Board and the employers in the Fund. The results of the consultation will be reported back to the Committee at the meeting on 22 March.

Decision: The Committee agreed to approve the Investment Strategy Statement.

Reason for decision: The Committee is required to approve and publish its Investment Strategy Statement by 1 April 2017.

Alternative options: None

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

Dispensations: There were none reported.

10. Voting Policy

The Committee received at Agenda Item 10 a report setting out the proposed voting policy for UK shares held in the name of the Suffolk Pension Fund.

They heard that the policy was last updated in 2011. Officers had engaged with PIRC to establish the current standard for voting guidelines in the UK Corporate Governance Code and best practice among other Local Government Pension Schemes.

Decision: The Committee agreed to approve the Voting Policy.

Reason for decision: The Pension Fund Committee engages Pensions & Investment Research Consultants (PIRC) to vote on the Pension Fund's behalf. This policy will provide PIRC with the guidance necessary to vote in accordance with the Pension Fund Committee's requirements.

Alternative options: None

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

Dispensations: There were none reported.

11. Treasury Management Policy 2017/18

The Committee received at Agenda Item 11, a report setting out the proposed Treasury Management policy for the management of the Pension Fund cash.

They heard that it is a requirement under the Local Government Pension Scheme (Management Investment of the Funds) Regulations 2016 for the Pension Fund to maintain a bank account separate from the County Council's banking arrangements. The Pension Fund cash is either held with Lloyds Bank and managed by the treasury management staff of the County Council or held with HSBC and managed by the Pension Fund officers.

Decision: The Committee agreed to approve the Treasury Management Strategy.

Reason for decision: The Pension Fund Committee is responsible for the determination of what activities may be undertaken for the purpose of managing the Pension Fund's cash balances and for establishing a framework to govern how these activities are undertaken.

Alternative options: None

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

Dispensations: There were none reported.

12. Forward Work Programme

The Committee received a copy of the Forward Work Programme at Agenda Item 12.

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 declared.

13. Urgent Business

There was none reported.

The meeting closed at 12:15.

Chairman