

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 7 December 2018 commencing at 10.15 am and finishing at 1.20 pm

Present:

Voting Members: Councillor Kevin Bulmer – in the Chair

Councillor Ian Corkin (Deputy Chairman)
Councillor Nicholas Field-Johnson
Councillor John Howson
Councillor Charles Mathew
Councillor John Sanders
Councillor Alan Thompson

Representatives of all District Councils (Voting): District Councillor Alaa Al-Yousuf
District Councillor Bill Service

Officers:

Whole of meeting J. Dean, S. Collins, G. Ley and S. Fox (Resources)

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with a schedule of addenda tabled at the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda, reports and schedule, copies of which are attached to the signed Minutes.

66/18 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies were received from Cllr Lawrie Stratford, Cllr Mark Lygo and Anya Greig.

Members of the Committee and the officers offered their sincere condolences to the family of Jean Fooks on hearing of her recent death. The Committee wished to have recorded its thanks for the 20 years excellent service she gave whilst serving on the Committee.

67/18 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

There were no declarations of interest.

68/18 MINUTES

(Agenda No. 3)

The Minutes of the meeting held on 14 September 2018 were approved and signed as a correct record.

There were no Matters Arising.

69/18 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

No requests to submit a petition or to address the Committee had been received.

70/18 MINUTES OF THE LOCAL PENSION BOARD AND BRUNEL OVERSIGHT BOARD

(Agenda No. 5)

The unconfirmed Minutes of the Local Pension Board which met on 26 October 2018 were noted.

The Minutes of the Brunel Oversight Board which met on 27 September 2018 were also noted.

71/18 REPORT BY THE INDEPENDENT CHAIRMAN OF THE LOCAL PENSION BOARD

(Agenda No. 6)

Members had before them the latest report by the independent Chairman of the Local Pension Board which invited the Committee to respond to the key issues raised by the Board at its most recent meeting on 26 October 2018 (PF6).

RESOLVED: to note the report and to inform the Board of the following:

- (a) to note the Board's wish to consider the Improvement Plan at their subsequent meetings in the context that it is the responsibility of this Committee to drive the plan;
- (b) to note the Board's continued concern over the level of vacancies and its strong support for recruiting to fill all positions;
- (c) to inform the Board that it would be invited to consider the next version of the Investment Strategy Statement prior to its approval by the Committee, as a matter of course; and
- (d) to note the Board's request for the Committee to reflect on how it would monitor the performance of the Brunel portfolios in the context of net performance against benchmarks and fee levels; and to inform the Board that it would consider it further when it reviewed the new investment performance reports from Brunel.

72/18 ADMINISTRATION REPORT

(Agenda No. 7)

The Committee considered the report PF7 which gave an update on the latest position in relation to administration issues.

Members also had before them, to aid discussion, a letter from the Scheme Advisory Board to the Pensions Regulator together with a diagram of the Pension Services workforce structure (included as part of the Addenda to the meeting).

Sally Fox reported that the Pensions Team was currently carrying 11 vacancies.

Following a full and detailed discussion, the Committee **RESOLVED** to:

- (a) note the report, including the letter dated 28 November 2018 from the Scheme Advisory Board to the Pensions Regulator as included on the Addenda;
- (b) agree that all future correspondence with the Pension Regulator should be circulated to the Committee and Board;
- (c) confirm the arrangements for monitoring the delivery of the draft Improvement Plan at future meetings, with the addition of the Breaches Log data; and
- (d) agree the proposed changes to the Scheme of Delegation, as outlined in paragraph 29 of the report.

73/18 REVIEW OF THE ANNUAL BUSINESS PLAN 2018/19

(Agenda No. 8)

The Committee considered a report (PF8) which reviewed progress to date on the key objectives, budget and training programme, as set out in the Business Plan for the forthcoming year. Following a full discussion the Committee

RESOLVED: to

- (a) note the progress against the key service priorities; and
- (b) not to add any further subjects to future training plans at this time.

74/18 RISK REGISTER

(Agenda No. 9)

The Committee had before them a report which gave the latest position in relation to the Fund's Risk Register (PF9).

RESOLVED: to note the current risk register and not to add any further changes at this time.

75/18 PROJECT PLAN FOR THE IMPLEMENTATION OF I-CONNECT

(Agenda No. 10)

A key element of the Improvement Plan was the implementation of I-Connect which would automate the transfer of key scheme data between scheme employers and the administering authority.

The Committee was given a presentation by Julie Skelly, Team Leader, Pensions Team, on I-Connect. A report was also before the Committee setting out the business case for the project and the key steps within the plan (PF10).

RESOLVED: to

- (a) note the report on the project plan and to thank Julie Skelly, Team Leader, Pensions for her presentation;
- (b) agree to the monitoring of progress of the Plan as part of the quarterly updates on the overall Data Improvement Plan; and
- (c) ensure that the Pensions Team was aware of this Committee's support for the work that they were undertaking on the Committee's behalf and to request that Team Leaders attend the Committee on a regular basis to give progress reports.

76/18 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION

(Agenda No. 11)

The Independent Financial Adviser reviewed the investments activity during the past quarter and presented an overview of the Fund's position as at 30 September 2018.

Mr Davies reported that the £52m gain in the third quarter, the Fund had reached its highest ever level at just over £2.5bn. The gains in the quarter came largely from Overseas Equities, with small contributions from Private Equity, Property and Infrastructure, while UK Equities fell slightly. Subsequent falls in markets has reduced the value of Equities by some £80m at the end of November.

RESOLVED: to receive the tables and graphs, and that the information contained in them be borne in mind insofar as they related to Agenda Items 15, 16, 17 and 18 on the Agenda.

77/18 EXEMPT ITEMS

(Agenda No. 12)

The Committee RESOLVED that the public be excluded for the duration of items 13, 14, 15, 16, 17, 18 and 19 in the Agenda since it was likely that if they were present during those items there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it was considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

78/18 EXEMPT MINUTES

(Agenda No. 13)

The exempt Minute of the Pension Fund Committee meeting held on 14 September 2018 was approved and signed as a correct record (PF13).

The exempt Minute of the Local Pension Board meeting held on 26 October 2018 was noted (PF13).

The public was excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would distort the proper process of free negotiations with another party*

79/18 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 14)

The Committee had before them a report of the Independent Financial Adviser (PF14) which set out an overview of the current and future investment scene and market developments across various regions and sectors. The report itself did not contain exempt information and was available to the public. Information which the Independent Financial Adviser reported orally was exempt information.

The public was excluded during this item because its discussion in public was likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information , in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

RESOLVED: to receive the report, tables and graphs and to bear the Independent Financial Adviser's conclusions in mind when considering the Fund Managers' reports.

80/18 PARTNERS GROUP

(Agenda No. 15)

The Independent Financial Adviser reported orally on the performance and strategy of Partners Group drawing on the tables at Agenda items 11 and 14.

The representatives, Serge Jovelle and Sean Dryden, of the Fund Manager presented their approach to investments in relation to their part of the Fund and their strategy against the background of the current investment scene.

At the end of the presentation they responded to questions from members of the Committee.

The public was excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's in funding the Pension Fund.*

RESOLVED: to note the main issues arising from the presentation.

81/18 ANNUAL REVIEW OF PRIVATE EQUITY

(Agenda No. 16)

The Independent Financial Adviser presented his annual review of the Fund's Private Equity investments (PF16).

The public was excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's in funding the Pension Fund.*

RESOLVED: to agree the recommendation, as set out in the exempt report PF16.

Agree the recommendation as set out in the exempt report PF16.

82/18 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 17)

The Committee considered a report from the Independent Financial Adviser (PF17) on the main issues arising from the reports from UBS (Global Equity), Wellington (Global Equity) and Insight (Diversified Growth Fund) in conjunction with information contained in the tables at Agenda Item 11.

The public was excluded during this item because its discussion in public was likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

RESOLVED: to agree the recommendation as set out in the exempt report PF16.

83/18 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 18)

No summary was required.

84/18 PROPOSED CONTRACT EXTENSION FOR THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 19)

(The Independent Financial Adviser left the room for the duration of the discussion and resolution in respect of this item).

The current contract for the Independent Financial Adviser to the Committee was due to expired in February 2019. Given all the changes underway during the transition for Fund Manager responsibility to Brunel, it was unclear what the long - term requirements were for on-going support, based on a clear knowledge of the existing arrangements.

The Committee considered a report which therefore proposed an extension of the current contractual arrangements through an exemption to the normal procurement rules (PF19).

The Committee considered a report from the Independent Financial Adviser (PF18) on the main issues arising from the reports from UBS, Wellington and Adams Street Partners in conjunction with information contained in the tables at Agenda Item 12.

The public was excluded during this item because its discussion in public was likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.*

RESOLVED: to approve the recommendation as set out in the report and to thank Peter Davies for all his good work.

RE-ADMISSION OF THE PRESS AND PUBLIC

85/18 FUND MANAGER MONITORING ARRANGEMENTS

(Agenda No. 20)

The Committee considered proposals for the arrangements for Fund Manager Monitoring for the 2019/20 financial year (PF20).

RESOLVED: to approve the Fund Manager monitoring arrangements as set out in the report, subject to the attendance of Brunel representatives to this Committee on the basis of twice a year rather than once.

86/18 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 21)

No issues were raised.

87/18 ANNUAL PENSION FORUM

(Agenda No. 22)

No further matters were raised in relation to the next Pension Forum which was to take place on **11 January 2019 at Unipart.**

..... in the Chair

Date of signing